

LDWSF  
12.3.148.1  
4/15/1997

**F A X**

**ADI GEOSCIENCE INTERNATIONAL**

23031 80th Place West  
EDMONDS, WASHINGTON  
98026-8714  
usa  
206-670-8834 (F)  
206-316-2510 (P)  
email: (b) (6)

**CONFIDENTIAL**

To: Manson Construction and Engineering, Inc.  
ATTN: Mr. Richard Dolmseth, CFO  
Mr. John Heckel, Contracts Manager

Fax number: 764-8590

From: DALE A. KRAMER, PG

Fax number: 206-670-8834

Message phone: 206-316-2510;

Date & Time: 15 April 1997; 1515 hrs.

Pages: 1 including this one

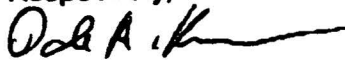
Re: Parcel B; Georgetown W-2013

{Note}

John:

Attached are a few questions concerning the property in Georgetown.

Respectfully,



Dale A. Kramer, PG

USEPA SF



1376798

**ADI GEOSCIENCE INTERNATIONAL**

23031 BOTH PLACE WEST ♦ EDMONDS, WASHINGTON 98026-8714 ♦ USA  
Phone 206-316-2510 ♦ Fax 206-870-8834 ♦ Email (b) (6)

Manson and Construction & Engineering Company  
5209 East Marginal Way South  
Post Office Box 24067  
Seattle, Washington 98124

Project: W-2013

Re: Othello Street Warehouse, Parcel B

15 April 1997

**CONFIDENTIAL**

**Questions**

- Did Manson operate in other Parcels or Parcel B only???
- Address of Parcel B
- Is the lease (when??) for Parcel B still in force???; or does the lease expire in 1998??
- How much fill and why from Peninsula?
- Any other fill
- Any work on the HC's "high potential for multiple abandoned USTs??
- Did Manson say that you offered to locate USTs and abandon them properly??
- Did Manson Agree be responsible for the USTs has anyone attempted to located the UST's

F A X

## ADI GEOSCIENCE INTERNATIONAL

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EDMONDS, WASHINGTON  
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usa  
206-670-8834 (F)  
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email: (b) (6)

To: Manson Construction and Engineering, Inc.  
ATTN: Mr. Richard Dolmseth, CFO  
Mr. John Heckel, Contracts Manager

Fax number: 764-8590

From: DALE A. KRAMER, PG

Fax number: 206-670-8834

Message phone: 206-316-2510;

Date & Time: 16 April 1997; 1000 hrs.

Pages: 6 including this one

Re: Parcel B; Georgetown W-2013

## {Note}

Attached is our review of the Georgetown Property.

Please note that we will be conducting field work in Astoria Oregon on Thursday and Friday 17th and 18th April 1997

Respectfully,

  
Dale A. Kramer, PG

Manson and Construction & Engineering Company  
5209 East Marginal Way South  
Post Office Box 24067  
Seattle, Washington 98124

**DRAFT**

ATTN: Mr. Dick Dolmseth, CFO  
Mr. John Heckel, Contracts Manager

Subject: Project W-2013; Othello Street Warehouse, Parcel B

16 April 1997

ADI Geoscience (ADI) is pleased to submit our recommendations to you concerning your the property located at 606 Myrtle Street in the Georgetown neighborhood of Seattle.

#### **SCOPE OF WORK**

Our scope of work for this project is based upon our 9 April 1997 meeting and verbal discussions with you on and our review of the documents supplied. Our work included: (1) review documents supplied; (2) supply, based on our review, general recommendations concerning environmental risk. This report and our recommendations are subject to the limitations section of this report.

#### **BACKGROUND**

Manson Construction and Engineering Company (Manson) requested that ADI Geoscience review the documents listed in the bibliography of this letter report. Manson expressed general concerns with environmental management responsibilities associated with former ownership, present leasing arrangements and environmental investigations at the subject property.

The property has an extensive history of ownership and related industrial activity. Figure 1 summarizes our understanding of site ownership based upon the documents supplied for our review. Manson owned the property from 1982 to 1988. Manson has leased the property since 1988.

Environmental investigations at the subject site and subject site vicinity began in approximately 1988. Figure 2 summarizes (known) environmental investigations keyed to the initiating party.

#### **REMEDIATION COST ASSESSMENT**

We have reviewed the remediation cost estimates. The cost estimates should be considered as preliminary costs due to the inherent ECOLOGY uncertainty with respect to clean up at the subject site and site vicinity.

DAK  
Wednesday, April 16, 1997  
9:46:06

W-2013



**ADI GEOSCIENCE INTERNATIONAL**

23031 80TH PLACE WEST ♦ EDMONDS, WASHINGTON 98026-8714 ♦ USA  
Phone 206-316-2510 ♦ Fax 206-870-8834 ♦ Email (b) (6)

Risk based assessment combined with ECOLOGY Method B and Method C cleanup levels would be prudent to discuss with Ecology. Cleanup costs per ECOLOGY Method A cleanup levels should be avoided, in our opinion, due to soil conditions at the subject site and the industrial land use history of the property.

The purported subsurface migration of solvents to the subject site creates the need for strategizing timing of clean up. If aggressive remediation of the subject site is conducted, strategy to protect the site and clean up efforts from possible onsite migration of solvents from others should be considered.

**RECOMMENDATIONS**

We recommend that Manson work with an experienced MTCA litigation attorney in order to strategize clean up. The history of site ownership and lease arrangements should be reviewed by your counsel. Discussions and negotiations with former property owners of the subject site as well as present and former owners of adjacent property's will probably be required.

A phased approach to addressing the UST's at the subject site and associated clean up of affected soil should be considered.

**LIMITATIONS**

ADI Geoscience developed this report based upon meeting with the client and preliminary review of the documents listed in the bibliography. In preparing the report, ADI relied upon the presumed accuracy of the information reviewed for the project. Due to time limitations ADI was not able to verify the accuracy or completeness of the information we reviewed for this project. The scope of services for this work was defined by the requests of the client. The findings, observations, conclusions and recommendations expressed by ADI in this report are limited to the information obtained and should not be considered an opinion of the compliance of any past or current practice. No warranty or guarantee, whether expressed or implied, is made with respect to our findings, observations, conclusions, and recommendations expressed in this report.

**CLOSURE**

We appreciate the opportunity to offer our services to Manson Construction and Engineering. If you have any questions or concerns with our assessment, please do not hesitate to call us at your earliest convenience.

Respectfully submitted,  
**DRAFT**

Dale A. Kramer, PG  
Environmental Specialist  
Attached: Figures 1 and 2

DAK  
Wednesday, April 16, 1997  
9:33:32

W-2013

**ADI GEOSCIENCE INTERNATIONAL**

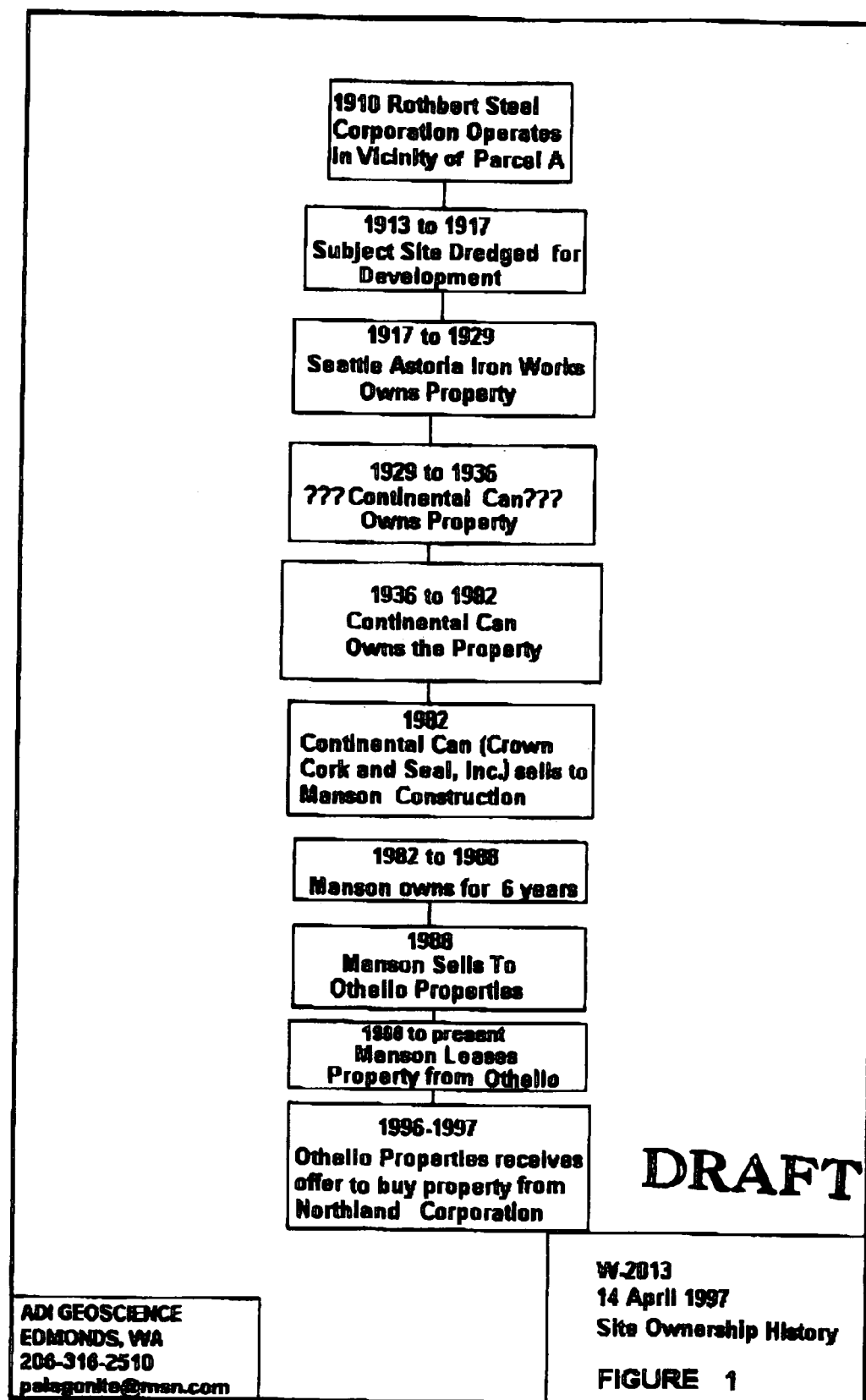
23031 80TH PLACE WEST ♦ EDMONDS, WASHINGTON 98026-8714 ♦ USA  
Phone 206-316-2510 ♦ Fax 206-670-8634 ♦ Email (b) (6)

**BIBLIOGRAPHY****Documents supplied to ADI by Manson Construction:**

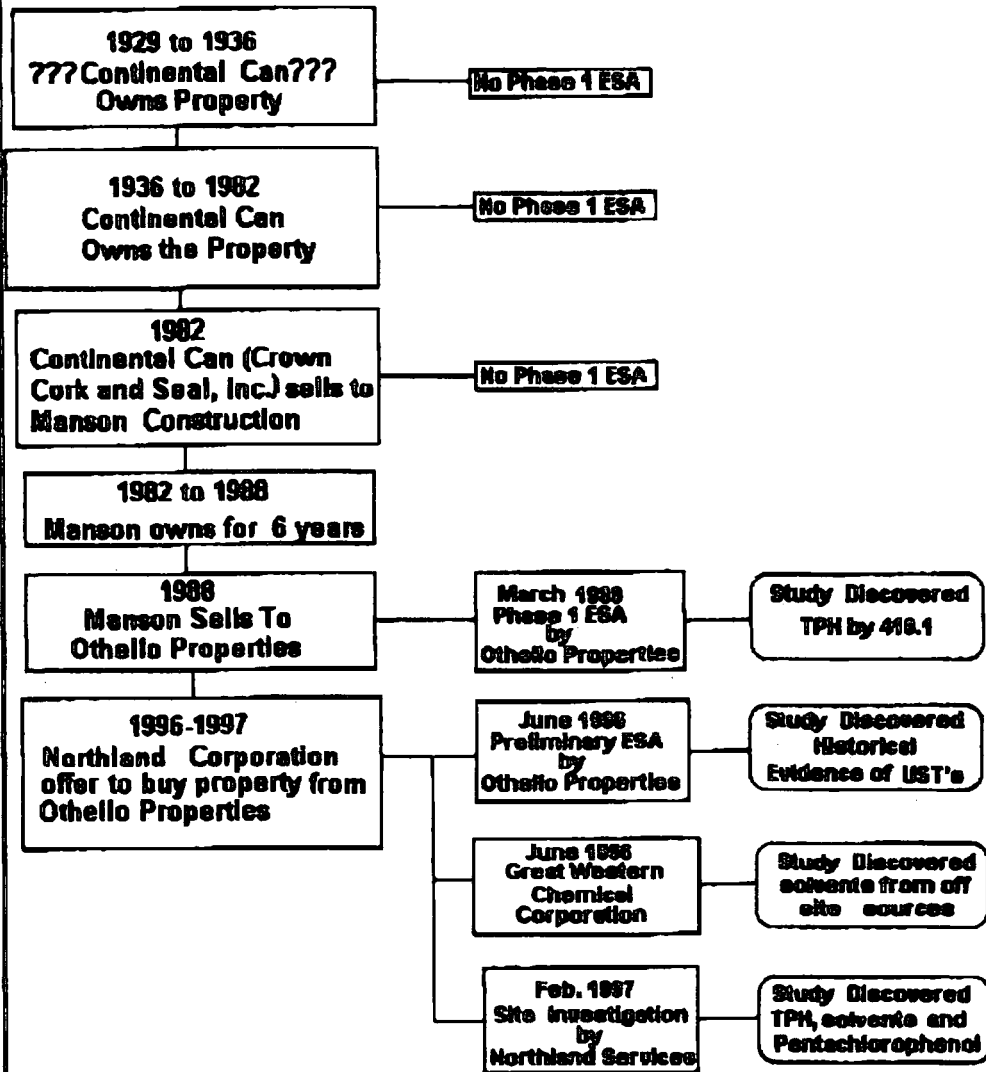
Earth Consultants, Inc. (October, 1988). Preliminary Environmental Study Yard 2 Property, Myrtle Street and 7th Avenue South, Seattle Washington.

Hart Crowser, Inc. (June, 1996). Preliminary Environmental Assessment, 660 Othello Street and 606 Myrtle Street, Seattle, Washington, prepared for Maple Leaf Property Management.

Hart Crowser, Inc. (February, 1997). Site Investigation, 606 Myrtle Street Property, Seattle Washington. Prepared for Northland Services, Inc.



# HISTORY OF SUBJECT PROPERTY ENVIRONMENTAL INVESTIGATIONS



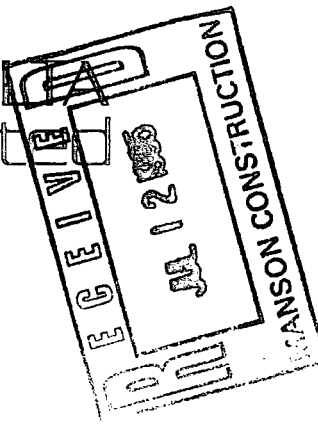
ADI GEOSCIENCE  
EDMONDS, WA  
206-316-2510  
palagonite@men.com

W-2013  
14 April 1997  
ENVIRONMENTAL SITE  
ASSESSMENT MAJOR FINDINGS  
KEYED TO DATE  
FIGURE 2

DRAFT



CROWN DELTA  
incorporated



July 11, 1995

Mr. Dick Dolmseth  
Manson Construction  
P.O. Box 98124-0067

Regarding: Asbestos Abatement Services @ 601 S. Myrtle Street - Seattle, Washington

Dear Dick,

This letter is to acknowledge the completion of asbestos abatement services by Crown Delta in December of 1993 at 601 S. Myrtle Street in Seattle, Washington. This work was performed per our proposal #11/93/GSF/11 and consisted of abatement and disposal of 1,525 lineal feet of asbestos pipe and fitting insulation.

We at Crown Delta appreciate the opportunity to perform asbestos abatement services for Manson Construction. If you have any questions or if we can be of further assistance, please contact our office at your earliest convenience.

Sincerely,

CROWN DELTA INCORPORATED

Gregory S. Farrar  
President



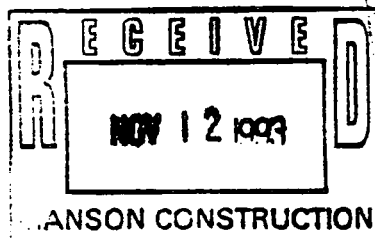
CROWN DELTA  
incorporated

POSTED  
DEC 3 1993

November 10, 1993

Invoice No. 93-900-29  
P.O. No. 21438

Manson Construction  
P.O. Box 24067  
Seattle, WA 98124-0067



Attn: Accounts Payable  
c/o Mr. Dave Gertsch

Re: Invoice for Asbestos Bulk Samples - Pipe Insulation and Building Insulation

This invoice is for asbestos bulk sample analysis referenced above. All work is 100% complete.

<u>Item</u>	<u>Price</u>
Two (2) Bulk Samples @ \$40.00/each	\$ 80.00
<hr/>	
SUBTOTAL	\$ 80.00
Washington State Sales Tax (8.2%)	\$ 6.56
<hr/>	
TOTAL DUE THIS INVOICE	\$ 86.56

Terms: Net 30 days

THANK YOU - CROWN DELTA INCORPORATED



**CROWN DELTA**  
incorporated

**POSTED**  
**DEC 16 1993**

December 13, 1993

Invoice No. 93-641-01  
P.O. No. 21663

Manson Construction  
P.O. Box 24067  
Seattle, WA 98124-0067

Attn: Accounts Payable  
c/o Mr. Dave Gertsch

Re: Invoice for Asbestos Abatement Services at Warehouse Facility; 601 S. Myrtle St.;  
Seattle

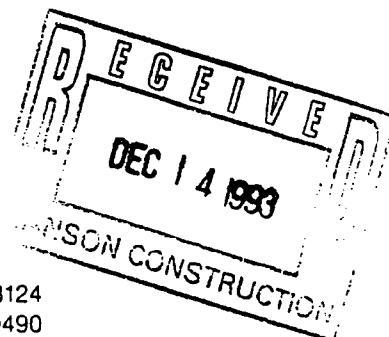
This invoice is for all labor, material, supplies, and supervision required for asbestos abatement at the above referenced project per Crown Delta proposal # 11/93/GSF/11 dated November 15, 1993. All work is 100% complete.

<u>Item</u>	<u>Price</u>
Contract Amount	\$ 12,911.00
	_____
SUBTOTAL	\$ 12,911.00
Washington State Sales Tax (8.2%)	\$ 1,058.70
	_____
<b>TOTAL DUE THIS INVOICE</b>	<b>\$ 13,969.70</b> =====

Terms: Net 30 days

THANK YOU - CROWN DELTA INCORPORATED

792 South Michigan Street • P.O. Box 24127 • Seattle, WA 98124  
(206)763-5232 • CROWNDI107BH • FAX (206)763-9490







## MAPLE LEAF PROPERTY MANAGEMENT

Third Floor • 100 Park Royal • West Vancouver, B.C. • Canada • V7T 1A2 • (604) 926-9500 • Fax (604) 925-2739

### FAX COVER SHEET

DATE: January 14, 1997

TO: Dan Dolmseth

COMPANY: Manson Construction

FAX NUMBER: (206) 763-1232

NUMBER OF PAGES: 5  
(Including cover sheet)

FROM: Jonathan Lazar

---

#### THE ORIGINAL OF THIS FAX WILL BE:

☒ [ x ] Placed in our file      ☐ [ ] Sent to you by courier      ☐ [ ] Mailed to you

---

#### COMMENTS:

Re: 601 South Myrtle Street  
Seattle, Washington

# **Maple Leaf Property Management**

Third Floor, 100 Park Royal • West Vancouver, B.C., Canada V7T 1A2 • (604) 926-8500 • Fax (604) 925-2739

January 14, 1997

Via Fax #(206) 763-1232

## **MANSON CONSTRUCTION & ENGINEERING COMPANY**

5209 East Marginal Way South  
Post Office Box 24067  
Seattle, Washington  
98124

**Attention: Mr. Daniel J. Dolmseth**  
**Chief Financial Officer/Treasurer**

Dear Sir:

**Re: 601 South Myrtle Street**  
**Seattle, Washington**

We have received the attached self explanatory letter from the Seattle Department of Construction and Land Use (DCLU). It is my understanding from our conversation on January 13, 1997, that you are aware of the situation and are in the process of rectifying it. Please ensure that all work related to this incident is done in accordance with section 8.3 of the Lease (copy attached). Please also determine whether any of the repairs are recoverable through any warranty provided from the recent major roof repair, and advise me.

We look forward to a timely repair of the roof. Should you have any questions, please do not hesitate to call.

Yours truly,

**MAPLE LEAF PROPERTY MANAGEMENT**



Jonathan J. Lazar, M.B.A.  
Manager, Industrial/Retail Properties

JJL:pkt

cc: Parker Mason (Fax #206-623-1752)  
Alston Courtnage MacAulay & Proctor

# Seattle Department of Construction and Land Use

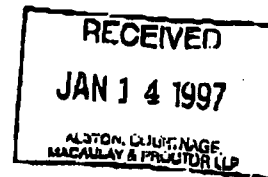


Dr. F. Krochalis, Director  
Norman R. Rice, Mayor

January 9, 1997

Re: 601 S Myrtle APN 2106200706

O'HELLO ST WAREHOUSE GROUP  
1000 2ND AV SUITE 3900  
SEATTLE, WA



Dear Owner:

Based on the records of the Department for Records and Elections of King County, we understand you to be an owner of the above referenced address.

The Department of Construction and Land Use (DCLU) is charged with protecting people and property in relation to development on private property, and as a result of the recent wet weather and related land slides in Seattle, the above referenced property was inspected by DCLU staff. In general the result of rapid emergency inspections by DCLU staff was either a "green tag", where unrestricted use of the structure is allowed, a "yellow tag", where use is limited in some way, or a "red tag", where no use allowed.

The referenced site was posted with a Red tag because it is our initial determination that:

- No entry to building.

This determination was based on the following inspection findings:

- Building is south of this address; Root collapse building unsafe.

In order to change the posting of your structure to an unrestricted status (green tag), you are required to do the following:

- Submit a report from a Washington state licensed Structural engineer providing an evaluation of the structural integrity of the structure and any required remedial repairs necessary to allow safe re-occupancy.
- Obtain a construction permit from DCLU to repair the damage and substantially complete the permitted work.

For those projects where a building permit is considered necessary to do repair work at the site, please call a permit specialist at 684-KK50 information regarding the permit application requirements for these emergency repair permits. The Department of Construction and Land Use will be expediting the processing and issuance of these permits.

If you are required to both submit an engineer's report and apply for a building permit, it will be most helpful to submit the report at the time you make application for the permit.

OTHELLO ST WAREHOUSE GROUP  
January 9, 1997  
Page 2 of 2

If you are required to just submit a report, the report may be faxed in to my attention at 386-4039. It may be that DCU will have additional requirements after the Department reviews the report. If this is the case you will be notified of these additional requirements.

In many cases the area effected by a slide or a potential slide involves adjacent properties. It may be advantageous to proceed with any remedial repairs by working together with the adjacent owners; in some cases it may be practically the only path to a long term solution. If the Seattle Department of Parks and Recreation is an adjacent owner, you may wish to contact Marylou Whiteford at 684-7388. If the earth movement also involves City right-of-way, you may wish to contact Rich Burgunder at 684-5279.

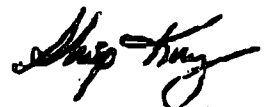
In some cases utilities have been shut off. For information regarding utility status or reconnection, please call the following:

electricity	City Light (Margie Jones)	317-3263	Fax 371-3290
water	Seattle Public Util.	386-1800	Fax 233-7281
gas	Wash Natural Gas	464-1999	Fax 521-5138

In most cases where the utilities have been shut off, the building will have to be stabilized and repaired before utilities are reconnected. In other cases, it may be that the danger considered in the initial decision to shut off the utilities has passed, and the utilities can be reconnected. When utilities are reconnected, the owner will have to coordinate directly with the utility to be on site at the time of reconnection. This will help assure that problems will not be generated if specific appliances were in operation when the utilities were disconnected.

If you have any questions about the information in this letter, please call Dianne Kelso at 684-8420.

Sincerely,



Skip King, Chief Building Inspector

8.3 Landlord shall be obligated to pay a maximum of two percent (2%) of the rent paid by Tenant pursuant to this Lease to repair the roof, exterior walls and foundation of the Premises. Landlord shall accrue two percent (2%) of the rent paid by Tenant pursuant to this Lease on the books of Landlord. If repair of the roof, exterior walls or foundation of the Premises is required, Tenant shall notify Landlord of the need for such repair and the estimated cost of such repair. Tenant shall cause such repairs to be completed at Tenant's sole cost and expense and shall provide Landlord with reasonable proof of payment. Within ten (10) business days of receipt of Landlord of such evidence of payment, Landlord shall reimburse Tenant the cost of such repairs up to the aggregate amount of two percent (2%) of the rent previously paid by Tenant to Landlord as accrued by Landlord on its books as provided above. If the amount accrued by Landlord is insufficient to fully reimburse Tenant, Tenant shall deduct two percent (2%) of each subsequent rent payment until Tenant has received full reimbursement for the cost of such repairs. Thereafter, Landlord shall again begin to accrue two percent (2%) of the rent paid by Tenant for future repairs. The parties intend that any unused accrual by Landlord shall be the property of Landlord.

9. Indemnification and Insurance.

9.1 Landlord shall not be liable to Tenant or to any person, firm or corporation whatsoever for any injury to or death of any person, or for any loss of or damage to property (including property of Tenant) occurring in or about the Premises from any cause whatsoever, except for the negligence or willful misconduct of Landlord. Except for any matter described in this Paragraph which results from the negligence or willful misconduct of Landlord, Tenant agrees to defend, indemnify and save Landlord harmless from any loss, damage, liability or expense (including expense of litigation) arising out of or resulting from any actual or alleged injury to or death of any person, or from any actual or alleged loss of or damage to property caused by or resulting from any occurrence on or about the Premises, including, but not limited to, damage or loss caused by or resulting from any act or omission, whether negligent or otherwise, of Tenant, or any officer, agent, employee, contractor, guest, invitee, customer or visitor of Tenant.

9.2 Tenant shall keep the Premises and any Tenant Improvements insured at its expense under policies of all-risk insurance during the term of this Lease to the full insurable value, and shall furnish certificates evidencing such insurance coverage and renewals thereof to Landlord and to any mortgagee of the Premises or other parties financing Landlord's ownership, with loss payable to Landlord, Tenant and such mortgagee,

FACSIMILE TRANSMISSION

NORSK PACIFIC STEAMSHIP COMPANY LIMITED  
101 ELLIOTT AVENUE WEST, SUITE 430  
SEATTLE, WA 98119  
(206) 283-5505  
(206) 283-4723 FAX

<b>Date:</b> 11-14-96	<b>Time:</b>	<b>No.</b>
-----------------------	--------------	------------

<b>To</b>	: Dick Dolmseth - Manson Construction
<b>From</b>	: Vickie Reno - Norsk Pacific, Seattle
<b>cc</b>	:
<b>Subject</b>	: 601 S. Myrtle Street (Parcel B) Warehouse Repairs Agreement with Manson

As per our conversation, please find attached agreement between Manson Construction and Pacific Terminals Ltd. authorizing Pacific Terminals and Norsk Pacific to manage the repairs to the Parcel B warehouse.

Should you have any questions regarding this agreement, please do not hesitate to contact me. To expedite matters, once you have signed the agreement please fax it back to me at 283-4723.

Thank you.

A handwritten signature in cursive script, appearing to read 'Vickie Reno'.



January 14, 1997

NORSK PACIFIC STEAMSHIP COMPANY LIMITED  
101 ELLIOTT AVENUE WEST, SUITE 430  
SEATTLE, WA 98119  
(206) 283-5505  
(206) 283-4723 FAX

This agreement is entered into as of January 14, 1997 between MANSON CONSTRUCTION & ENGINEERING CO. ("Sublessor") and PACIFIC TERMINALS LIMITED ("Sublessee").

WHEREAS, a portion of the premises leased by Sublessor to Sublessee, namely the warehouse building commonly known as 601 S. Myrtle Street (Parcel B Warehouse), Seattle, Washington (the "Warehouse"), has been damaged as a result of recent storms and snowfalls; and

WHEREAS, Sublessor wishes Sublessee to manage and achieve the repair and reconstruction of the Warehouse and the application of available insurance proceeds for this purpose, and Sublessee is willing to perform these tasks;

NOW THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS SET FORTH BELOW, IT IS AGREED AS FOLLOWS:

1. Sublessor hereby appoints Sublessee and its affiliate, NORSK PACIFIC STEAMSHIP COMPANY LIMITED ("Norsk"), or either of them, as its agent with full authority and discretion to manage and achieve the repair and reconstruction of the Warehouse and to control the disbursement of any available insurance proceeds for this purpose.
2. In performing its duties hereunder, Sublessee and Norsk shall not be obliged to incur expenses or liabilities in excess of any available insurance proceeds.
3. Sublessor shall defend, indemnify and hold harmless Sublessee and Norsk, and their shareholders, officers, directors, employees, agents, affiliates or independent contractors, from and against any losses, claims, damages, or liabilities (including Sublessee's and/or Norsk's reasonable attorney's fees in arbitration, at trial, or in the appellate courts) to which Sublessor, Sublessee or Norsk may become subject, insofar as such losses, claims, damages, or liabilities arise out of, are related to, or are in any way connected with, the subject matter of this Agreement.

PACIFIC TERMINALS LIMITED

MANSON CONSTRUCTION  
& ENGINEERING CO.

By: \_\_\_\_\_  
John M. Stentrom, President

By: \_\_\_\_\_

Its: \_\_\_\_\_

## MAPLE LEAF PROPERTY MANAGEMENT

Third Floor • 100 Park Royal • West Vancouver, B.C. • Canada • V7T 1A2 • (604) 926-9500 • Fax (604) 925-2739

### FAX COVER SHEET

DATE: January 21, 1997  
TO: Dick Dolmseth  
COMPANY: Manson Construction  
FAX NUMBER: (206) 763-1232  
NUMBER OF PAGES: 2  
(Including cover sheet)  
FROM: Jonathan Lazar

---

#### THE ORIGINAL OF THIS FAX WILL BE:

☒ Placed in our file      ☐ Sent to you by courier      ☐ Mailed to you

---

#### COMMENTS:

Re: 660 South Othello Street and 601 South Myrtle Street  
Seattle, Washington



# Maple Leaf Property Management

Third Floor, 100 Park Royal - West Vancouver, B.C., Canada V7T 1A2 - (604) 928-9500 - Fax (604) 925-2739

January 21, 1997

Via Fax #(206) 682-4702

**FAXED**  
104 am

**PACIFIC SHEET METAL INC.**  
111 S. Spokane Street  
Seattle, Washington  
98134

**Attention: Mr. Paul W. Huppert**

Dear Sir:

**Re: 660 South Othello Street and  
601 South Myrtle Street  
Seattle, Washington**

Further to our telephone conversation, please revisit the above referenced properties and report back to me any changes to the condition of these roofs since you last visit, particularly as a result of the snow in late December 1996. We are aware of the hole in the roof at 601 South Myrtle Street and are in the process of repairing via insurance adjusters. An opinion from your firm on this damage would also be welcome.

You mentioned you were going to be away in the latter half of the week but would try to respond to us prior to your departure. This would be sincerely appreciated.

Yours truly,

**MAPLE LEAF PROPERTY MANAGEMENT**



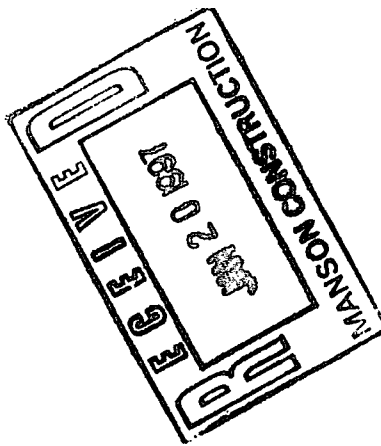
Jonathan J. Lazar, M.B.A.  
Manager, Industrial/Retail Properties

JJL:pkt

cc: Colleen Baumann (Fax #206-762-2427)  
Pacific Terminals Limited

Dick Dolmseth (Fax #206-763-1232)  
Manson Construction & Engineering Company

# TEMPRESS®



701 South Orchard  
Seattle, WA 98108  
TEL 800.426.2600  
206.762.1410  
FAX 206.763.1109

January 17, 1997

Ms. Colleen Bowman  
Pacific Terminals, Ltd.  
P.O. Box 81126  
Seattle, WA 98108

**RE: PROPERTY RENTED BY TEMPRESS, INC. — YARD II WAREHOUSE**

Dear Ms. Bowman:

Who invited this snowstorm?!? Two feet of snow with three inches of rain sure disrupted us all. The unfortunate collapse of the Yard II roof on 12/29/96 forced us to move out within 5 days. Tempress has removed its products and equipment from this facility to prevent business interruption to our customers or any loss of products or equipment. Colleen, as suggested by Patti Buckner we will terminate rent payments as of December 31, 1996.

Tempress has sustained losses due to the nature of the collapse and the urgency it precipitated. We have prepared an estimate of our losses caused by the business interruption. Following is an outline of our losses:

• Investment in leasehold improvements to make the facilities fit for service	\$ 3,900.00
• Cost of disassembly and relocation of assets to a temporary site	\$ 2,250.00
• Emergency management and security services	\$ 500.00
• Business interruption: 5 days, \$1,000 per day	\$ 5,000.00
<b>TOTAL</b>	<b>\$ 11,650.00</b>

Please review this with your insurance adjuster and other responsible parties who have vested interest in leases, sub-leases, or building ownership and advise us on plans for reimbursement.

Tempress must express an added concern related to the maintenance of the fire sprinkler system of the above facility. This concern emanates from the following:

- Disabling the alarm and valving system
- Shared water supply for both of our sprinkler systems
- Inability to secure your sprinkler system independent of ours
- Failure to comply with city requirements for monitoring of the sprinkler system

It was Tempress employees, during routine surveillance of our facility in extreme weather conditions, that discovered the roof collapse and ruptured sprinkler system. Had it not been for our diligence Tempress would have continued to be without fire protection, placing 200 employees and

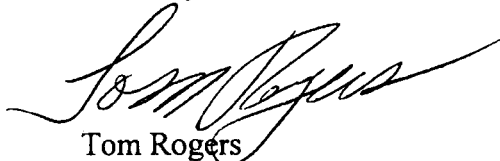
our facility at risk. It is clearly evident that proper alarm and sprinkler systems must be maintained to protect all of our interests and minimize our respective liability exposure.

Tempress is a "sole source" supplier to several major truck manufacturers in the United States. Shutdown or damage to our facility due to the actions of the owners of the adjoining facility or their representatives would cause a costly disruption of service. It is estimated that this could represent a liability of \$500,000 per day per truck manufacturer.

This concern relates not only to the current situation, but to the future disposition of your facility and the planned uses of this area. You must consider your responsibility for the water supply and inform Tempress on a timely basis of any intended actions so as to not imperil or place Tempress at risk either knowingly or unknowingly.

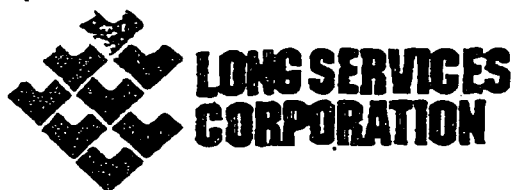
The review of the incidents leading to this letter have left Tempress with a deep concern for its safety. We must ask for your continued diligence in monitoring this risk.

Sincerely,



Tom Rogers  
Executive Vice President

cc: Amin Lalji, Othello St. Warehouse Corp.  
Glen Edwards, President, Manson Construction  
Don Romkee, Pacific Terminals

**LONG SERVICES  
CORPORATION****COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL**

## TELECOPIER COVER LETTER

DATE: 1-21-97TIME: 3:30 pm

PLEASE DELIVER THE FOLLOWING TO:

NAME: Vicky RenoFIRM: Norsk Steamship Co.FACSIMILE NO.: 283 - 4723

FROM:

NAME: Paul WolfFACSIMILE NO: (206) 768 - 9580We are transmitting 11 pages including this cover sheet.If you do not receive all the pages, please call the sender as soon as possible at  
(206) 763-8433.Reference: 601 MYRTLE ST.Subject: ASBESTOS / Lead Survey - ReportMessage: AS Requested.

Sender: \_\_\_\_\_



**COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL**

**AHERA ASBESTOS SURVEY & LEAD AND PCB INSPECTION**

**FOR**

**NORSK STEAMSHIP CO.**

**in**

**601 S. MYRTLE, SEATTLE, WA**

**Prepared By:**

**Long Services Corporation  
8230 5th Avenue South  
Seattle, WA 98108**

**January 21, 1997**

**ASBESTOS, LEAD, and PCB SURVEY, NORSEK STEAMSHIP CO., 601 S. MYRTLE ST., SEATTLE, WA**

**January 21, 1997**

## **SUMMARY**

On January 21, 1997 an AHERA suspect asbestos, lead paint, and PCB light ballast inspection was conducted at the spaces in the building located at 601 S. Myrtle St., Seattle, WA. A walk through survey was conducted throughout the warehouse and visual observations were recorded. At this time three asbestos bulk samples and two paint samples were collected of suspect materials. The exterior concrete siding was not sampled and assumed to be asbestos containing.

All bulk samples were taken to Prezant and Associates, Seattle, Washington for analysis. Samples of any other suspect materials uncovered during the course of any demolition or renovation activities should be collected and analyzed.

## **SCOPE OF WORK**

The survey was conducted at the request of Mr. Ken McBride And McBride Construction Resources. The purpose of the report is to identify suspect asbestos, lead or PCB ballast materials and record the presence of these materials.

## **METHOD OF THE SURVEY**

A walk through inspection of the building space was performed to identify suspect asbestos, lead or PCB ballast containing materials (ACM). Materials which may be concealed or buried are excluded from this report.

## **CONCLUSION**

The roofing, light fixture insulation board, and window putty were sampled for asbestos, the white and green paint were tested for lead. The bottom layer of roofing, light insulation board, and exterior concrete siding are asbestos containing.

Both samples of paint chips were lead containing. Further testing (TCLP) will be analyzed to determine for proper waste disposal.

Light fixture PCB ballast's were not designated as 'Non-PCB containing' and assumed to contain PCB oil.

Bulk sample results are included in this report.

## **LIMITATIONS OF THIS REPORT**

We have prepared this report to aid in evaluating the property for demolition. This report is for the exclusive use of Mr. Ken McBride and McBride Construction Resources, and it applies only to the subject property detailed above and shall not be relied upon by any other party without the prior written consent of the undersigned.

ASBESTOS, LEAD, and PCB SURVEY, NORSE STEAMSHIP CO., 601 S. MYRTLE ST., SEATTLE,  
WA

January 21, 1997

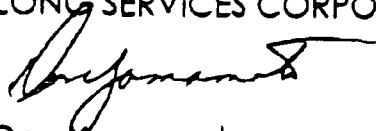
Within the limitations of scope, schedule and budget, our services have been executed in accordance with generally accepted practices in this area at the time this letter was prepared. No other conditions, expressed or implied, should be understood.

We have made every effort to discover and quantify all asbestos contaminated materials in your facility that are visible without destructive examination. We believe that our survey is complete; however, asbestos has been used and placed in many unusual places and we are not able to absolutely guarantee the completeness of our survey or the exact accuracy of the quantities and calculations. This survey report was made as a non-profit service only to you, our customer, and we disclaim liability for any consequential damages for inaccurate quantities and/or materials not found in our survey of the facility.

It was a pleasure being of service. If any questions arise or assistance is required, please call.

Sincerely,

LONG SERVICES CORPORATION



Don Yamamoto

Project Manager

AHERA Building Inspector Certification #960608-18

Expiration: 6/20/97 WA

*YOUR PARTNER IN SAFETY, QUALITY, AND SERVICE.*

# Prezant Associates, Inc.

## CHAIN OF CUSTODY

Save Samples\*? Yes ☐ No ☒

PAI BATCH #:

97-0185

### SAMPLES SUBMITTED BY:

Company Name: LONG SERVICES Corp  
Address: 8230 5<sup>th</sup> AVE S.  
City, State, Zip: SEATTLE WA  
Phone: 206-8433 Fax: 206-7580  
Contact: Paul Wolf  
Job Name: 601 S. MYRTLE ST.  
Job Number: \_\_\_\_\_

SAMPLE  
NUMBER

SAMPLE  
DESCRIPTION

01 Roof Layers  
02 Light Fixture BACKING  
03 Window Putty

### SAMPLE TYPE

AIR \_\_\_\_\_  
BULK X

### ANALYSIS REQUESTED

Phase Contrast Microscopy \_\_\_\_\_  
Polarized Light Microscopy \_\_\_\_\_  
Other \_\_\_\_\_

### TURN AROUND TIME

RUSH \_\_\_\_\_  
24 HOUR \_\_\_\_\_  
48 HOUR \_\_\_\_\_  
5 DAY \_\_\_\_\_

RELINQUISHED BY:

Paul Wolf

DATE: 1-15-97

TIME: \_\_\_\_\_

RECEIVED BY:

Gail Hinson

DATE: 1-16-97

TIME: 8 am.

\*NOTE: UNLESS OTHERWISE REQUESTED SAMPLES WILL BE ARCHIVED FOR TWO WEEKS.





RECEIVED  
JAN 17 1997

NVLAQ  
Lab#1886

January 16, 1997

Mr. Paul Wolf  
Long Services Corporation  
8230 5th Ave. South  
Seattle, WA 98108

RE: Bulk Asbestos Fiber Analysis; PAI Batch # 97-0185

Dear Mr. Wolf:

Enclosed please find test results for the bulk samples submitted to our laboratory for analysis. Examination of these samples was conducted for the presence of identifiable asbestos fibers using polarized light microscopy (PLM) with dispersion staining in accordance with U.S. EPA method 600/M4-82-020 as specified in 40 CFR, Ch. I, Pt. 763, Subpt. F, App. A.

For samples containing more than one separable layer of materials, the report will include findings for each layer (labeled L-1 for layer one and L-2 for layer two, etc.) and a total percentage for the entire sample. For multilayered samples, NESHAP requires that layers must be analyzed and reported separately. An exception is made for joint compound which may be composited with the accompanying wallboard. The asbestos concentration in a sample is determined by visual estimation.

For those samples with asbestos concentrations between 1 and 10 percent based on visual estimation, the EPA recommends a procedure known as point counting (NESHAPS, 40 CFR Part 61). Point counting is a statistically more accurate means of quantification for samples with low concentrations of asbestos. If you would like us to further refine the concentration estimates of asbestos in these samples using point counting, please let me know.

This report is considered highly confidential and will not be released without your approval. Samples are archived for two weeks following analysis. Samples that are not retrieved by the client are discarded after two weeks.

It has been a pleasure to be of service to you. Please feel free to call if there is anything further we can assist you with.

Sincerely,

Gail Gislason  
Laboratory Director

Industrial Hygiene  
Workplace Safety  
Regulatory Compliance  
Training  
Laboratory Services

Prezant Associates, Inc.  
330 6th Avenue North  
Suite #200  
Seattle, WA  
98109

Tel: 206.281.8858  
Fax: 206.281.8922  
Voice Mail: 206.441.3989

enc.: Bulk Sample Results



330 6th Ave. North, Suite 200, Seattle, WA 98109  
OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS****NVLAQ** #1886

PAI Job Number: 97 - 0185.00

Client: Long Services Corporation  
Address: 8230 5th Ave. South  
Seattle, WA 98108  
Attn: Mr. Paul Wolf  
Project: 601 S. Myrtle St.

Number of samples: 3  
RUSH

Project #: Estimating

Sample Location: 601 S. Myrtle St.

Sample #: 01

Lab #: 97010346

Sample Description: L-1: Black tar; L-2: Black fibrous tar; L-3: Black/white fibrous tar.

## NON-ASBESTOS NON-FIBROUS COMPONENTS

TOTAL: 70 %

80% Tar/binder L-1  
30% Tar/binder L-2  
60% Tar/binder L-3

## % NON-ASBESTOS FIBROUS COMPONENTS

TOTAL: 20 %

5% Cellulose fibers L-1  
70% Cellulose fibers L-2  
40% Glass fibers L-3

## % ASBESTOS FIBROUS COMPONENTS

TOTAL: 10 %

15% Chrysotile L-1

TOTAL ASBESTOS: 10 %

Sampled by: Client

Analyzed by: Reed T. Terry

Reviewed By: Gail Gislason

Date: 01/16/97

Date: 01/16/97

  
Gail Gislason, Laboratory Director

\* If samples are not homogeneous, then subsamples of the components were analyzed separately.

All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 763, Subpt. F App. A, pages 293-299. This report relates only to the items tested.

If samples were not collected by Prezant Assoc. personnel, then accuracy of the results is limited by the methodology and acuity of the sample collector.

Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.



330 6th Ave. North, Suite 200, Seattle, WA 98109  
OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS****NVLAQ** #1886

PAI Job Number: 97 - 0185.00

Client: Long Services Corporation  
Address: 8230 5th Ave. South  
Seattle, WA 98108  
Attn: Mr. Paul Wolf  
Project: 601 S. Myrtle St.

Number of samples: 3  
RUSH

Project #: Estimating  
Sample Location: 601 S. Myrtle St.

Sample #: 02  
Lab #: 97010347

Sample Description: Tan fibrous matrix with gray paint.

**NON-ASBESTOS NON-FIBROUS COMPONENTS**

TOTAL: 11 %

10% Resin/binder  
1% Fine particles

**% NON-ASBESTOS FIBROUS COMPONENTS**

TOTAL: 1 %

1% Cellulose fibers

**% ASBESTOS FIBROUS COMPONENTS**

TOTAL: 88 %

88% Chrysotile

TOTAL ASBESTOS: 88 %


Sampled by: Client

Analyzed by: Reed T. Terry

Reviewed By: Gail Gislason

Date: 01/16/97

Date: 01/16/97

  
\*Gail Gislason, Laboratory Director

\* If samples are not homogeneous, then subsamples of the components were analyzed separately.

All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 763, Subpt. F App. A, pages 293-299. This report relates only to the items tested.

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Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.



330 8th Ave. North, Suite 200, Seattle, WA 98109

OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS****NVLAP** #1886

PAI Job Number: 97 - 0185.00

Client: Long Services Corporation  
Address: 8230 5th Ave. South  
Seattle, WA 98108  
Attn: Mr. Paul Wolf  
Project: 601 S. Myrtle St.

Number of samples: 3  
RUSH

Project #: Estimating

Sample Location: 601 S. Myrtle St.

Sample #: 03

Lab #: 97010348

Sample Description: Green hard matrix.

## NON-ASBESTOS NON-FIBROUS COMPONENTS

TOTAL: 100 %

100% Calcite filler/binder

## % NON-ASBESTOS FIBROUS COMPONENTS

TOTAL: ND %

No detectable fibers

## % ASBESTOS FIBROUS COMPONENTS

TOTAL: ND %

No detectable asbestos

TOTAL ASBESTOS: ND %

Sampled by: Client

Analyzed by: Reed T. Terry

Date: 01/16/97

Reviewed By: Gail Gislason

Date: 01/16/97

  
\*Gail Gislason, Laboratory Director

\* If samples are not homogeneous, then subsamples of the components were analyzed separately.

All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 763, Subpt. F App. A, pages 293-299.

This report relates only to the items tested.

If samples were not collected by Prezant Assoc. personnel, then accuracy of the results is limited by the methodology and acuity of the sample collector.

Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.

# Prezant Associates, Inc.

## CHAIN OF CUSTODY

Save Samples\*? \_\_\_\_\_

Yes \_\_\_\_\_

No \_\_\_\_\_

PAI BATCH #: \_\_\_\_\_

### SAMPLES SUBMITTED BY:

Company Name: LONG SAKES Corp  
Address: 9230 5th Ave S.  
City, State, Zip: SEA. WA.  
Phone: 763-8433 Fax: 768-9580  
Contact: PAUL WOLF  
Job Name: 601 S. MYRTLE ST.  
Job Number: \_\_\_\_\_

### SAMPLE TYPE

AIR \_\_\_\_\_

BULK \_\_\_\_\_

### ANALYSIS REQUESTED

Phase Contrast Microscopy \_\_\_\_\_

Polarized Light Microscopy \_\_\_\_\_

Other: LEAD

### TURN AROUND TIME

RUSH \_\_\_\_\_

24 HOUR \_\_\_\_\_

48 HOUR \_\_\_\_\_

5 DAY \_\_\_\_\_

RELINQUISHED BY: \_\_\_\_\_

Paul Wolf

DATE: 1-15-97

TIME: \_\_\_\_\_

RECEIVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TIME: \_\_\_\_\_

\*NOTE: UNLESS OTHERWISE REQUESTED SAMPLES WILL BE ARCHIVED FOR TWO WEEKS.



PAI Batch # 97-0186

Date: 1/16/97

Paul Wolf  
Long Services Corporation  
8230 5th Avenue South  
Seattle, WA 98108-4533

Project: 601 S. Myrtle St.  
LSC Project #: Estimating  
PAI Project #: L112-0001 - Task 1  
Matrix: Paint Chlps/Coating  
Analysis: Total Lead - EPA SW- 846 method 7420  
Received: 1/16/97

Analyst: Dianne C. Hurt

### Lead (Pb) Sample Results

PAI Lab ID	Client ID	LoD in mg/kg	mg/kg or ppm	Result in %
9701133	L-1	DRAFT 85	2,600	0.2600
9701134	L-2	IAN 16 88 PAI	8,400	0.8400

### QA/QC Results

9701129 Matrix Spike 110 % Recovery

Method Blank &lt; 90 mg/kg

Gail Gislason - Laboratory Director

mg/kg - Milligrams per kilogram

PPM - Part per million

LoD - Limit of detection

&lt; - Below detection limit

330 6th Ave. N. Suite 200, Seattle, WA 98109  
Phone: (206) 281-8858, Fax: (206) 281-8922

Paint - Long Services 97-0186  
1/16/97 11:58 AM

Page 1

## **Maple Leaf Property Management**

Third Floor, 100 Park Royal - West Vancouver, B.C., Canada V7T 1A2 - (604) 925-9500 - Fax (604) 925-9739

February 3, 1997

Via Fax #(206) 763-1232

### **MANSON CONSTRUCTION & ENGINEERING COMPANY**

5209 East Marginal Way South

Post Office Box 24067

Seattle, Washington

98124

Attention: **Mr. Daniel J. Dolmseth**

Chief Financial Officer/Treasurer

Dear Sir:

**Re: Roof Repair**  
**601 South Myrtle Street**  
**Seattle, Washington**

Othello Street Warehouse Corporation ("Othello") is the owner of the above-referenced property and the landlord under that certain lease agreement dated October 24, 1988 (the "Lease") between Othello and Manson Construction & Engineering, Co. ("Manson"). Othello is willing to grant to Manson and its subtenant, Pacific Terminals Limited ("Pacific Terminals") the authority to repair and restore the recent roof damage to the building on the following conditions:

1. All casualty insurance proceeds payable under policies maintained by Manson and Pacific Terminals shall be applied to the cost and expense of repairing and reconstructing the building.
2. Prior to commencing any repair work, Manson and Pacific Terminals shall furnish to Othello for its approval detailed construction drawings for the repair and reconstruction of the roof, together with an itemized cost estimate and evidence satisfactory to Othello that sufficient insurance proceeds are available to complete the repair and restoration. If Manson and Pacific Terminals cannot demonstrate to Othello's satisfaction that sufficient insurance proceeds are available to restore the building, then, as a condition to Othello's consent, Manson or Pacific Terminals shall tender to Othello or into escrow the balance of the amount necessary to complete the reconstruction work. Construction shall not commence until Othello has approved the foregoing.

.....2

Received Time Feb. 3. 7:28PM

Print Time Feb. 3. 7:30PM

From: GUEST

Mr. Daniel J. Dolmseth  
**MANSON CONSTRUCTION & ENGINEERING COMPANY**  
 Page 2  
 February 3, 1997

3. The repair and restoration of the building shall conform to all applicable laws, ordinances and building codes.
4. Othello shall be furnished with copies of all building and other permits issued in connection with the reconstruction work.
5. Any excess casualty insurance proceeds shall be paid to or retained by Othello.

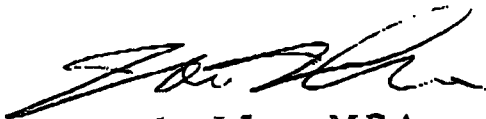
We draw your attention to Article 12 of the Lease, which reads as follows:

If a Loss occurs and this Lease is not terminated, Tenant shall repair the Premises to the condition existing prior to the Loss and Landlord shall make available to Tenant such proceeds of casualty insurance as may be required to repair the Premises. Any excess casualty insurance proceeds shall be the property of Landlord. Any deficiency in casualty insurance proceeds shall be paid by Tenant.

Please do not hesitate to contact me if you have any questions.

Yours truly,

**MAPLE LEAF PROPERTY MANAGEMENT**  
 on behalf of Othello Street Warehouse Corporation



Jonathan J. Lazar, M.B.A.  
 Manager, Industrial/Retail Properties

JJL:pkt

cc: Parker Mason (Fax #206-623-1752)  
 Alston Courtnage MacAulay & Proctor





**LONG SERVICES  
CORPORATION**

COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL

TELECOPIER COVER LETTER

DATE: 1-23-97

TIME: 2:40 pm

PLEASE DELIVER THE FOLLOWING TO:

NAME: VICKY RENO

FIRM: HOASK STEAMSHIP CO.

FACSIMILE NO.: 283 - 4723

FROM:

NAME: PAUL WOLF

FACSIMILE NO: (206) 768 - 9580

We are transmitting 2 pages including this cover sheet.

If you do not receive all the pages, please call the sender as soon as possible at  
(206) 763-8433.

Reference: TCLP TESTS on lead BASED PAINT 601 MYRTLE ST.

Subject: \_\_\_\_\_

Message: \_\_\_\_\_

SAMPLE: 601-1 PAINT on wood

601-2 PAINT chips

SAMPLE 601-2 IS 14 Parts per million. The Limit is 5 ppm

for Leachability- the chips will HAVE to be Disposed of AS HAZAROUS  
WASTE, the wood with PAINT is ok AS IS. General Construction Debris.

Sender: \_\_\_\_\_

**PAI Batch # 97 - 0264**

Date: 1/22/97

Paul Wolf  
Long Services Corporation  
8230 5th Avenue South  
Seattle, WA 98108-4539

Project: 601 Myrtle St. - warehouse area  
LSC Project: #1 —  
PAI Project #: L112-0001, Task 1  
Matrix: Demolition debris  
Analysis: TCLP Lead - EPA SW846 1311/7420  
Received: 1/21/97

Analyst: Doug Henry

PAI

JAN 22 1997

DRAFT

**Lead (Pb) Sample Results**

PAI Lab ID	Client ID	LoD in mg/L	mg/L or ppm
9701183	601-1	0.6	2.3*
9701184	601-2	0.6	14

\* Heterogeneous sample - average concentration reported.

**QA/QC Results**

9701183 Matrix Spike 112% Recovery

Method Blank &lt; 0.6 mg/L

---

Gail Glasen - Laboratory Director

---

mg/L - Milligrams per liter

PPM - Part per million

LoD - Limit of detection

&lt; - Below detection limit

From: GUEST

# MAPLE LEAF PROPERTY MANAGEMENT

Third Floor • 100 Park Royal • West Vancouver, B.C. • Canada • V7T 1A2 • (604) 926-9500 • Fax (604) 925-2739

## FAX COVER SHEET

DATE: February 3, 1997

TO: Dan Dolmseth

COMPANY: Manson Construction & Engineering Company

FAX NUMBER: (206) 763-1232

NUMBER OF PAGES: 3  
(Including cover sheet)

FROM: Jonathan Lazar

*MARIE  
Sedmon  
283-472  
Sedmon*

### THE ORIGINAL OF THIS FAX WILL BE:

☒ Placed in our file      ☐ Sent to you by courier      ☐ Mailed to you

### COMMENTS:

Re: Roof Repair  
601 South Myrtle Street  
Seattle, Washington

The information on this facsimile is privileged and confidential and is intended only for the use of the individual or entity to whom it is addressed. Any other use, dissemination, distribution, disclosure or copy of this facsimile is strictly prohibited. If you have received this facsimile in error, please immediately notify us by telephone (collect, if necessary) so that we may arrange for its return at our expense. Thank you.

Received Time

Feb. 3. 7:28PM

Print Time

Feb. 3. 7:30PM

**FACSIMILE TRANSMISSION**

Date: 2-4-97	Time:	No.
--------------	-------	-----

To: Dick Delmarth
From: Vickie Peters

Norsk Pacific Steamship Co., Ltd.  
101 Elliott Avenue West, Suite 430  
Seattle, WA 98119  
(206) 283-5505, Fax # (206) 283-4723

TOTAL PAGES TO FOLLOW: 1

☐ Original WILL follow

☒ Original will NOT follow

*If any problems receiving this message, please call (206) 283-5505*

*Thank you*



NORSK PACIFIC STEAMSHIP COMPANY LIMITED  
101 ELLIOTT AVENUE WEST, SUITE 430  
SEATTLE, WA 98119  
(206) 283-5505  
(206) 283-4723 FAX

## WORK AUTHORIZATION

Norsk Pacific Steamship Company Limited authorizes McBride Construction Resources, Inc. to proceed with the emergency shoring damage repairs to the Parcel B Warehouse located at 601 S. Myrtle, Seattle, WA 98119.

Norsk's insurance company is Atlantic Mutual and the claims adjuster for the account is Barbara Balis at (312) 634-2127. The deductible will be paid directly to Atlantic Mutual by other parties other than McBride Construction.

I further authorize Norsk's insurance company to pay McBride Construction Resources, Inc. direct or to include them as a payee on payments for work completed. Additionally, I acknowledge having received the Disclosure Statement as provided by McBride Construction.

NORSK PACIFIC STEAMSHIP COMPANY LIMITED

Vickie Reno  
Special Projects Assistant

cc: Jonathan Lazar - Maple Leaf Property Management  
Dick Dolmseth - Manson Construction  
Colleen Baumann - Norsk Pacific Steamship Company Limited



**NORSK PACIFIC**

February 6, 1997

NORSK PACIFIC STEAMSHIP COMPANY LIMITED  
101 ELLIOTT AVENUE WEST, SUITE 430  
SEATTLE, WA 98119  
(206) 283-5505  
(206) 283-4723 FAX

Mr. Glenn A. Edwards  
President  
Manson Construction & Engineering Co.  
P.O. Box 24067  
Seattle, WA 98124

Re: 601 South Myrtle Street - Parcel B Warehouse

Dear Glenn:

I write in regard to the sublease between Manson and Pacific Terminals Limited covering the property known as Parcel B and in particular the warehouse building on that property which, as you know, recently suffered roof collapse and structural damage as a result of snow loads on December 29, 1996.

During the process of assessing the damage and planning for repairs, we have discovered that there are substantial deposits of asbestos, lead and PCB's remaining on the property. Copies of the inspection reports are enclosed.

We have also just learned that these hazardous material deposits are blocking our contractors from beginning permanent or even emergency repair efforts which are urgently needed. We are also informed that these deposits must be removed before the property can once again be approved for use.

Paragraph 4 of the "Closing Agreement" dated October 24, 1988 (copy enclosed) between Othello Street Warehouse Corporation, Manson, and Pacific Terminals' predecessor states that "Manson shall immediately clean up and repair all asbestos and PCB's" on the property. During the past, in face-to-face meetings at which you and I were present, we were assured by Manson that all of this work had been done. Obviously this is not the case.

We have relied upon those representations and, regrettably, now find ourselves in the position where we are unable to use or even repair the property because of Manson's failure to perform, and its misrepresentations about, its obligations under the Closing Agreement.

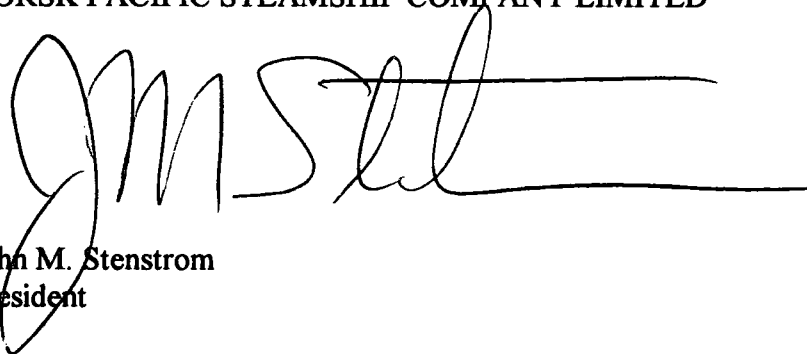
We demand that Manson immediately indemnify and defend Pacific Terminals for its failure to fulfill its obligations under the Closing Agreement. Because we cannot use the property or even repair it due to Manson's failure to fulfill its obligations, Pacific Terminals will withhold rent on the property until Manson has fulfilled those obligations. However, to mitigate damages Pacific Terminals will

Mr. Glenn A. Edwards  
February 6, 1997  
Page 2

proceed promptly to remove the hazardous materials to enable emergency and permanent repair work to commence, and will hold Manson fully responsible for the costs, delays and liabilities incurred in this work. If Manson wishes to be involved in, and take financial responsibility for, this cleanup process, we will require your written confirmation of this commitment by 1600 hours PST on Friday, February 7, 1997, failing which we will proceed as outlined above.

Yours very truly,

NORSK PACIFIC STEAMSHIP COMPANY LIMITED

A handwritten signature in dark ink, appearing to read "JMS", followed by a long horizontal line extending to the right.

John M. Stenstrom  
President

Enclosures



**FACSIMILE TRANSMISSION**

Date: 2-6-97	Time: 4:13	No. 274
--------------	------------	---------

To: Glenn Edwards
From: John Stenstrom
cc:
Subject:

Norsk Pacific Steamship Co., Ltd.  
101 Elliott Avenue West, Suite 430  
Seattle, WA 98119  
(206) 283-5505, Fax # (206) 283-4723

TOTAL PAGES TO FOLLOW: - 2 -

☒ Original WILL follow via hand delivered  
with enclosures on  
☐ Original will NOT follow  
February 7, 1997

*If any problems receiving this message, please call (206) 283-5505*

*Thank you*





February 6, 1997

NORSK PACIFIC STEAMSHIP COMPANY LIMITED  
101 ELLIOTT AVENUE WEST, SUITE 430  
SEATTLE, WA 98119  
(206) 283-5505  
(206) 283-4723 FAX

Mr. Glenn A. Edwards  
President  
Manson Construction & Engineering Co.  
P.O. Box 24067  
Seattle, WA 98124

Re: 601 South Myrtle Street - Parcel B Warehouse

*"on the walls"  
- Long Services  
ASBESTOS  
- LEAD IN PAINT*

Dear Glenn:

I write in regard to the sublease between Manson and Pacific Terminals Limited covering the property known as Parcel B and in particular the warehouse building on that property which, as you know, recently suffered roof collapse and structural damage as a result of snow loads on December 29, 1996.

During the process of assessing the damage and planning for repairs, we have discovered that there are substantial deposits of asbestos, lead and PCB's remaining on the property. Copies of the inspection reports are enclosed.

We have also just learned that these hazardous material deposits are blocking our contractors from beginning permanent or even emergency repair efforts which are urgently needed. We are also informed that these deposits must be removed before the property can once again be approved for use.

Paragraph 4 of the "Closing Agreement" dated October 24, 1988 (copy enclosed) between Othello Street Warehouse Corporation, Manson, and Pacific Terminals' predecessor states that "Manson shall immediately clean up and repair all asbestos and PCB's" on the property. During the past, in face-to-face meetings at which you and I were present, we were assured by Manson that all of this work had been done. Obviously this is not the case.

We have relied upon those representations and, regrettably, now find ourselves in the position where we are unable to use or even repair the property because of Manson's failure to perform, and its misrepresentations about, its obligations under the Closing Agreement.

We demand that Manson immediately indemnify and defend Pacific Terminals for its failure to fulfill its obligations under the Closing Agreement. Because we cannot use the property or even repair it due to Manson's failure to fulfill its obligations, Pacific Terminals will withhold rent on the property until Manson has fulfilled those obligations. However, to mitigate damages Pacific Terminals will

Mr. Glenn A. Edwards

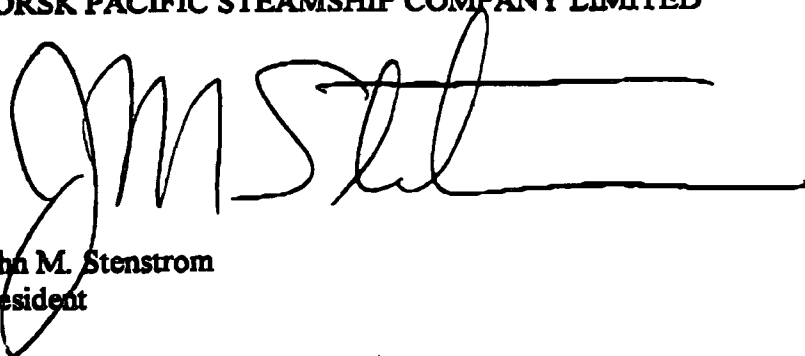
February 6, 1997

Page 2

proceed promptly to remove the hazardous materials to enable emergency and permanent repair work to commence, and will hold Manson fully responsible for the costs, delays and liabilities incurred in this work. If Manson wishes to be involved in, and take financial responsibility for, this cleanup process, we will require your written confirmation of this commitment by 1600 hours PST on Friday, February 7, 1997, failing which we will proceed as outlined above.

Yours very truly,

NORSK PACIFIC STEAMSHIP COMPANY LIMITED

A large, stylized handwritten signature in black ink, appearing to read 'JMS', followed by a long horizontal line extending to the right.

John M. Stenstrom  
President

Enclosures

**FACSIMILE TRANSMISSION**

Date: 2-7-97	Time:	No.
--------------	-------	-----

To: Dick Dalmsoth
From: Vickie Reno
cc:
Subject:

Norsk Pacific Steamship Co., Ltd.  
101 Elliott Avenue West, Suite 430  
Seattle, WA 98119  
(206) 283-5505, Fax # (206) 283-4723

TOTAL PAGES TO FOLLOW: 16

☐ Original WILL follow

☒ Original will NOT follow

*If any problems receiving this message, please call (206) 283-5505*

*Thank you*

## CLOSING AGREEMENT

This is an agreement made on October 24, 1988, between Othello Street Warehouse Corporation, a Washington corporation ("Othello") and Manson Construction & Engineering Co., a Washington corporation ("Manson") and Mega Terminals, Inc., a Washington corporation ("Mega"). Othello agrees with Manson and Mega as follows.

### 1. Recitals.

1.1. Manson, Mega and their affiliate are selling the real property described in Exhibit A ("Property") to Othello. In connection with the sale of the Property, Manson is leasing from Othello the Property described in Exhibit B ("Yard 2 Property") pursuant to the Lease Agreement of even date with this Agreement ("Manson Lease"). In addition, Mega is leasing from Othello the Property described in Exhibit C ("Mega Property") pursuant to the Lease Agreement of even date with this Agreement ("Mega Lease"). The Manson Lease and Mega Lease are incorporated herein by this reference.

1.2. Certain issues will be unresolved at the closing of the purchase, sale and lease of the Property. This Agreement addresses those unresolved issues.

### 2. Lease Bond.

In connection with the Mega Lease, Safeco Insurance Company ("Safeco") is issuing a Lease Bond to Othello of even date with this Agreement ("Lease Bond"). The Lease Bond is incorporated herein by this reference. The Lease Bond may be cancelled by Safeco by written notice to Othello one year prior to the cancellation date of the Lease Bond. Manson hereby absolutely and unconditionally guarantees to Othello that if the Lease Bond is cancelled by Safeco, Manson shall cause substitute security, acceptable to Othello, to be provided to Othello prior to the cancellation date of the Lease Bond. Such substitute security shall be a substitute lease bond acceptable to Othello or, failing such a substitute lease bond, a cash security deposit in the amount of the liability of Safeco under the Lease Bond at the effective date of the cancellation of the Lease Bond.

### 3. Norsk Pacific.

Mega is negotiating with Norsk Pacific Steamship Company Limited ("Norsk") to joint venture certain business activities with Mega. If the joint venture with Norsk is

entered and Norsk agrees to unconditionally and absolutely guarantee fifty percent (50%) of Mega's obligations under the Mega Lease (as amended), Othello, Mega and Norsk shall amend the Mega Lease to add Parcel B to the Mega Lease, and to increase the rent payable under the Mega Lease and Othello and Manson shall amend the Manson Lease to delete Parcel B of the Property from the Manson Lease and to reduce the rent payable under the Manson Lease by the amount that the rent is increased under the Mega Lease, and the lease shall be amended in accordance with the

4. Asbestos.

4.1. An inspection has been performed Earth Consultants dated October 4, 1988 ("Earth Consultants Report") with respect to the property leased under the Manson Lease ("Manson Property"). The Earth Consultants Report is incorporated herein by this reference. Othello and Manson agree that Manson shall immediately clean up and repair all asbestos and PCBs on the Manson Property which constitute a health or safety hazard. Such cleanup and removal shall be done at the sole expense of Manson.

4.2. Page 8 of the Earth Consultants Report identifies asbestos insulated pipes on the Manson Property. Prior to the termination of the Manson Lease, Manson shall cause all such asbestos to be removed from the Manson Property and disposed of in accordance with applicable law. The cost of such removal and disposal shall be paid for by Manson, but shall be a reimbursable expense by Othello pursuant to Paragraph 8.2 of the Manson Lease.

4.3. Prior to the termination of the Manson Lease, Manson shall remove, dispose of and replace with units of similar quality (but containing no PCBs) all light units on the Manson Property which contain PCBs. The cost of such removal, disposal and replacement shall be paid for by Manson, but shall be a reimbursable expense by Othello pursuant to Paragraph 8.2 of the Manson Lease.

4.4. During the term of the Lease, Manson shall establish such routine inspection and safety procedures as may be required or recommended by governmental agencies with respect to PCBs and asbestos on the Manson Property and shall indemnify, defend and hold Othello harmless from and against any and all claims, demands, liabilities, costs and expenses which may arise out of the existence of asbestos or PCBs on the Manson Property, including, but not limited to, any claims with respect to the health or safety of any person coming into contact with such asbestos or PCBs.

#### 4.5. Petroleum.

The Earth Consultants' Report indicates that certain petroleum/oil storage tanks were removed from the Manson Property. Manson shall use best efforts to locate for Earth Consultants the former location of such petroleum/oil storage tanks. Othello shall cause soils samples to be taken after the location is completed. If any petroleum/oil spillage is determined to exist, Manson shall cause spillage to be removed and disposed of at Manson's sole cost and expense.

#### 5. Miscellaneous.

5.1. The provisions of this Agreement shall govern over any conflicting terms of the Manson Lease or the Mega Lease.

5.2. If any party to this Agreement defaults, the defaulting party shall pay all costs incurred by the non-defaulting party because of the default, including, but not limited to, legal fees incurred with or without litigation and on appeal.

(Othello)

Othello Street Warehouse Corporation

By Thaddas L. Alston

Thaddas L. Alston, Authorized  
Signer

(Mega)

Mega Terminals, Inc.

By Irving M. Haug  
Irving M. Haug, President

(Manson)

Manson Construction & Engineering Co.

By Glenn A. Edwards  
Glenn A. Edwards, President

**LONG SERVICES  
CORPORATION****COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL****TELECOPIER COVER LETTER**DATE: 1-23-97TIME: 2:40 pm

PLEASE DELIVER THE FOLLOWING TO:

NAME: VICKY RENOFIRM: HOSEA STEAMSHIP CO.FACSIMILE NO.: 283 - 4723

FROM:

NAME: PAUL WOLFFACSIMILE NO: (206) 768 - 9580We are transmitting 2 pages including this cover sheet.If you do not receive all the pages, please call the sender as soon as possible at  
(206) 763-8433.Reference: TCLP TESTS on lead based PAINT 601 MYRTLE ST.

Subject: \_\_\_\_\_

Message: \_\_\_\_\_

SAMPLE 601-1 PAINT on WOOD601-2 PAINT CHIPSSAMPLE 601-2 IS 14 Parts Per Million. The Limit is 5 PPMfor Leachability- the chips will have to be disposed of AS HAZAROUS  
WASTE, the wood with paint is ok AS IS. General Construction Debris.

Sender: \_\_\_\_\_

12/95 LS524

Prezant Associates

TEL 1-206-281-8922

Jan '97

11:40 No.007 P.02

**PAI Batch # 97 - 0284**

Date: 1/22/97

Paul Wolf  
Long Services Corporation  
8230 5th Avenue South  
Seattle, WA 98108-4539

Project: 601 Myrtle St. - warehouse area

LSC Project: #1

PAI Project #: L112-0001, Task 1

Matrix: Demolition debris

Analyte: TCLP Lead - EPA SW846 1311/7420

Received: 1/21/97

Analyst: Doug Henry

PAI

JAN 22 1997

DRAFT

**Lead (Pb) Sample Results**

PAI Lab ID	Client ID	LoD in mg/L	mg/L or ppm
9701183	601-1	0.6	2.3*
9701184	601-2	0.6	14

\* Heterogeneous sample - average concentration reported.

**QA/QC Results**

9701183 Matrix Spike 112% Recovery

Method Blank &lt; 0.6 mg/L

---

Gail Glasen - Laboratory Director

mg/L - Milligrams per liter

PPM - Part per million

LoD - Limit of detection

&lt; - Below detection limit





COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL

TELECOPIER COVER LETTER

DATE: 1-21-97

TIME: 3:30 p

PLEASE DELIVER THE FOLLOWING TO:

NAME: Vicky Reno  
FIRM: NORSK Steamship Co.  
FACSIMILE NO.: 283-4723

FROM:

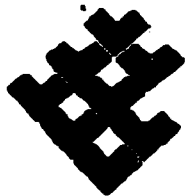
NAME: Paul Wolf  
FACSIMILE NO: (206) 768-9580

We are transmitting 11 pages including this cover sheet.

If you do not receive all the pages, please call the sender as soon as possible at  
(206)763-8433.

Reference: 601 MYRTLE ST.  
Subject: ASBESTOS / Lead Survey - Report  
Message: As Requested.

Sender: \_\_\_\_\_



**LONG SERVICES  
CORPORATION**

**COMMERCIAL • INDUSTRIAL • MARINE  
RESIDENTIAL**

**AHERA ASBESTOS SURVEY & LEAD AND PCB INSPECTION**

**FOR**

**NORSK STEAMSHIP CO.**

**in**

**601 S. MYRTLE, SEATTLE, WA**

**Prepared By:**

**Long Services Corporation  
8230 5<sup>th</sup> Avenue South  
Seattle, WA 98108**

**January 21, 1997**

**ASBESTOS, LEAD, and PCB SURVEY, NORSK STEAMSHIP CO., 601 S. MYRTLE ST., SEATTLE, WA**  
**January 21, 1997**

## SUMMARY

On January 21, 1997 an AHERA suspect asbestos, lead paint, and PCB light ballast inspection was conducted at the spaces in the building located at 601 S. Myrtle St., Seattle, WA. A walk through survey was conducted throughout the warehouse and visual observations were recorded. At this time three asbestos bulk samples and two paint samples were collected of suspect materials. The exterior concrete siding was not sampled and assumed to be asbestos containing.

All bulk samples were taken to Prezant and Associates, Seattle, Washington for analysis. Samples of any other suspect materials uncovered during the course of any demolition or renovation activities should be collected and analyzed.

## SCOPE OF WORK

The survey was conducted at the request of Mr. Ken McBride And McBride Construction Resources. The purpose of the report is to identify suspect asbestos, lead or PCB ballast materials and record the presence of these materials.

## METHOD OF THE SURVEY

A walk through inspection of the building space was performed to identify suspect asbestos, lead or PCB ballast containing materials (ACM). Materials which may be concealed or buried are excluded from this report.

## CONCLUSION

The roofing, light fixture insulation board, and window putty were sampled for asbestos, the white and green paint were tested for lead. The bottom layer of roofing, light insulation board, and exterior concrete siding are asbestos containing.

Both samples of paint chips were lead containing. Further testing (TCLP) will be analyzed to determine for proper waste disposal.

Light fixture PCB ballast's were not designated as 'Non-PCB containing' and assumed to contain PCB oil.

Bulk sample results are included in this report.

## LIMITATIONS OF THIS REPORT

We have prepared this report to aid in evaluating the property for demolition. This report is for the exclusive use of Mr. Ken McBride and McBride Construction Resources, and it applies only to the subject property detailed above and shall not be relied upon by any other party without the prior written consent of the undersigned.

**ASBESTOS, LEAD, and PCB SURVEY, NORSE STEAMSHIP CO., 601 S. MYRTLE ST., SEATTLE,  
WA  
January 21, 1997**

Within the limitations of scope, schedule and budget, our services have been executed in accordance with generally accepted practices in this area at the time this letter was prepared. No other conditions, expressed or implied, should be understood.

We have made every effort to discover and quantify all asbestos contaminated materials in your facility that are visible without destructive examination. We believe that our survey is complete; however, asbestos has been used and placed in many unusual places and we are not able to absolutely guarantee the completeness of our survey or the exact accuracy of the quantities and calculations. This survey report was made as a non-profit service only to you, our customer, and we disclaim liability for any consequential damages for inaccurate quantities and/or materials not found in our survey of the facility.

It was a pleasure being of service. If any questions arise or assistance is required, please call.

Sincerely,

LONG SERVICES CORPORATION



Don Yamamoto

Project Manager

AHERA Building Inspector Certification #960608-18

Expiration: 6/20/97 WA

*YOUR PARTNER IN SAFETY, QUALITY, AND SERVICE.*

# Prezant Associates, Inc.

## CHAIN OF CUSTODY

Save Samples\*? Yes ☐ No ☒

PAI BATCH #:

77-0185

### SAMPLES SUBMITTED BY:

Company Name: LONG SERVICES Corp  
Address: 8230 5<sup>th</sup> AVE S.  
City, State, Zip: SEATTLE WA  
Phone: 206-2433 Fax: 206-7580  
Contact: Paul Wolf  
Job Name: 601 S. Myrtle St.  
Job Number: \_\_\_\_\_

### SAMPLE TYPE

AIR \_\_\_\_\_  
BULK X

### ANALYSIS REQUESTED

Phase Contrast Microscopy \_\_\_\_\_  
Polarized Light Microscopy \_\_\_\_\_  
Other \_\_\_\_\_

### TURN AROUND TIME

RUSH \_\_\_\_\_  
24 HOUR \_\_\_\_\_  
48 HOUR \_\_\_\_\_  
5 DAY \_\_\_\_\_

RELINQUISHED BY:

Paul Wolf

DATE: 1-15-97

TIME: \_\_\_\_\_

RECEIVED BY:

Gail Nielsen

DATE: 1-16-97

TIME: 8 a.m.

\*NOTE: UNLESS OTHERWISE REQUESTED SAMPLES WILL BE ARCHIVED FOR TWO WEEKS.

330 Sixth Avenue North • Suite 200 • Seattle, WA 98109  
Phone: (206)281-8858 • Fax: (206)281-8922

SAMPLE  
NUMBER

SAMPLE  
DESCRIPTION

01 Roof Layers  
02 Light Fixture Backing  
03 Window Putty

FEB-01-91 PM 13:38  
01/21/1997 15:35

NUKSA PHULFUV, SEHILLE  
206-76 3580

FHA NU, 2062834123

P. 11/1 /  
PAGE 85



RECEIVED

JAN 17 1997

NVLAP  
Lab#1886

January 16, 1997

Mr. Paul Wolf  
Long Services Corporation  
8230 5th Ave. South  
Seattle, WA 98108

RE: Bulk Asbestos Fiber Analysis; PAI Batch #97-0185

Dear Mr. Wolf:

Enclosed please find test results for the bulk samples submitted to our laboratory for analysis. Examination of these samples was conducted for the presence of identifiable asbestos fibers using polarized light microscopy (PLM) with dispersion staining in accordance with U.S. EPA method 600/M4-82-020 as specified in 40 CFR, Ch. I, Pt. 763, Subpt. F, App. A.

For samples containing more than one separable layer of materials, the report will include findings for each layer (labeled L-1 for layer one and L-2 for layer two, etc.) and a total percentage for the entire sample. For multilayered samples, NESHAP requires that layers must be analyzed and reported separately. An exception is made for joint compound which may be composited with the accompanying wallboard. The asbestos concentration in a sample is determined by visual estimation.

For those samples with asbestos concentrations between 1 and 10 percent based on visual estimation, the EPA recommends a procedure known as point counting (NESHAPS, 40 CFR Part 61). Point counting is a statistically more accurate means of quantification for samples with low concentrations of asbestos. If you would like us to further refine the concentration estimates of asbestos in these samples using point counting, please let me know.

This report is considered highly confidential and will not be released without your approval. Samples are archived for two weeks following analysis. Samples that are not retrieved by the client are discarded after two weeks.

Industrial Hygiene  
Workplace Safety  
Regulatory Compliance  
Training  
Laboratory Services

It has been a pleasure to be of service to you. Please feel free to call if there is anything further we can assist you with.

Sincerely,

Gail Gislason  
Laboratory Director

Prezant Associates, Inc.  
330 8th Avenue North  
Suite #200  
Seattle, WA  
98109

Te) 206.281.8858

Fax 206.281.8922

Voice Mail 206.441.3989

enc.: Bulk Sample Results



330 8th Ave. North, Suite 200, Seattle, WA 98109  
OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS**

**NVLAQ** #1886

PAI Job Number: 97 - 0185.00

Client: Long Services Corporation  
Address: 8230 5th Ave. South  
Seattle, WA 98108  
Attn: Mr. Paul Wolf

Number of samples: 3  
RUSH

Project: 801 S. Myrtle St.

Project #: Estimating

Sample Location: 601 S. Myrtle St.

Sample #: 01

Lab #: 97010346

Sample Description: L-1: Black tar; L-2: Black fibrous tar; L-3: Black/white fibrous tar.

**NON-ASBESTOS NON-FIBROUS COMPONENTS**

**TOTAL: 70 %**

80% Tar/binder L-1  
30% Tar/binder L-2  
80% Tar/binder L-3

**% NON-ASBESTOS FIBROUS COMPONENTS**

**TOTAL: 20 %**

5% Cellulose fibers L-1  
70% Cellulose fibers L-2  
40% Glass fibers L-3

**% ASBESTOS FIBROUS COMPONENTS**

**TOTAL: 10 %**

15% Chrysotile L-1

**TOTAL ASBESTOS: 10 %**

Sampled by: Client  
Analyzed by: Reed T. Terry  
Reviewed By: Gail Gislason

Date: 01/16/97  
Date: 01/16/97

*Gail Gislason*  
Gail Gislason, Laboratory Director

- If samples are not homogeneous, then subsamples of the components were analyzed separately.  
All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 783, Subpt. F App. A, pages 293-299.  
This report relates only to the items tested.  
If samples were not collected by Prezant Assoc. personnel, then accuracy of the results is limited by the methodology and acuity of the sample collector.  
Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.



330 6th Ave. North, Suite 200, Seattle, WA 98109  
OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS**

**NVLAP** #1886

PAI Job Number: 97 - 0185.00

Number of samples: 3

RUSH

Client: Long Services Corporation

Address: 8230 5th Ave. South

Seattle, WA 98108

Attn: Mr. Paul Wolf

Project: 601 S. Myrtle St.

Project #: Estimating

Sample Location: 601 S. Myrtle St.

Sample #: 02

Lab #: 97010347

Sample Description: Tan fibrous matrix with gray paint.

**NON-ASBESTOS NON-FIBROUS COMPONENTS**

TOTAL: 11 %

10% Resin/binder

1% Fine particles

**% NON-ASBESTOS FIBROUS COMPONENTS**

TOTAL: 1 %

1% Cellulose fibers

**% ASBESTOS FIBROUS COMPONENTS**

TOTAL: 88 %

88% Chrysotile

**TOTAL ASBESTOS: 88 %**

Sampled by: Client

Analyzed by: Reed T. Terry

Date: 01/16/97

Reviewed By: Gail Gislason

Date: 01/16/97

*Gail Gislason*  
Gail Gislason, Laboratory Director

\* If samples are not homogeneous, then subsamples of the components were analyzed separately.

All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 763, Subpt. F App. A, pages 293-299. This report relates only to the items tested.

If samples were not collected by Prezant Assoc. personnel, then accuracy of the results is limited by the methodology and acuity of the sample collector.

Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.





330 6th Ave. North, Suite 200, Seattle, WA 98109  
OFFICE: (206) 281-8858 FAX: (206) 281-8922

**BULK ASBESTOS FIBER ANALYSIS**

**NVLAP** #1886

PAI Job Number: 97 - 0185.00

Client: Long Services Corporation  
Address: 8230 5th Ave. South  
Seattle, WA 98108  
Attn: Mr. Paul Wolf  
Project: 601 S. Myrtle St.

Number of samples: 3  
RUSH

Project #: Estimating

Sample Location: 601 S. Myrtle St.

Sample #: 03

Lab #: 97010348

Sample Description: Green hard matrix.

**NON-ASBESTOS NON-FIBROUS COMPONENTS**

100% Calcite filler/binder

TOTAL: 100 %

**% NON-ASBESTOS FIBROUS COMPONENTS**

No detectable fibers

TOTAL: ND %

**% ASBESTOS FIBROUS COMPONENTS**

No detectable asbestos

TOTAL: ND %

**TOTAL ASBESTOS: ND %**

Sampled by: Client

Analyzed by: Reed T. Terry

Reviewed By: Gail Gislason

Date: 01/16/97

Date: 01/16/97

"Gail Gislason, Laboratory Director"

\* If samples are not homogeneous, then subsamples of the components were analyzed separately.  
All bulk samples are analyzed using test method 40 CFR ch. I (1-1-87 edition) Pt 763, Subpt. F App. A, pages 293-299.  
This report relates only to the items tested.  
If samples were not collected by Prezant Assoc. personnel, then accuracy of the results is limited by the methodology and acuity of the sample collector.  
Analyses are cross-checked with other technicians in-house and other laboratories for quality assurance and verification.

# Prezant Associates, Inc.

## CHAIN OF CUSTODY

Save Samples\*? Yes ☐ No ☐

PAI BATCH #: \_\_\_\_\_

### SAMPLES SUBMITTED BY:

Company Name: LONG SAUNES Corp  
Address: 9230 5th Ave S.  
City, State, Zip: SEA WA.  
Phone: 763-8433 Fax: 768-9580  
Contact: Paul Wolf  
Job Name: 601 S. MYRTLE ST.  
Job Number: \_\_\_\_\_

### SAMPLE TYPE

AIR \_\_\_\_\_  
BULK \_\_\_\_\_

### ANALYSIS REQUESTED

Phase Contrast Microscopy \_\_\_\_\_  
Polarized Light Microscopy \_\_\_\_\_  
Other: LEAD

### TURN AROUND TIME

RUSH \_\_\_\_\_  
24 HOUR \_\_\_\_\_  
48 HOUR \_\_\_\_\_  
5 DAY \_\_\_\_\_

RELINQUISHED BY: Paul Wolf

DATE: 1-15-97

TIME: \_\_\_\_\_

RECEIVED BY: \_\_\_\_\_

DATE: \_\_\_\_\_

TIME: \_\_\_\_\_

\*NOTE: UNLESS OTHERWISE REQUESTED SAMPLES WILL BE ARCHIVED FOR TWO WEEKS.

330 Sixth Avenue North • Suite 200 • Seattle, WA 98109  
Phone: (206)281-8858 • Fax: (206)281-8922

FEB-01-97 FRI 10:38  
206-761-9580

NURSA THUPTU, SEATTLE

FHA NO. 2002034123

**PAI Batch # 97-0186**

Date: 1/16/97

Paul Wolf  
Long Services Corporation  
8230 5th Avenue South  
Seattle, WA 98108-4533

Project: 601 S. Myrtle St.  
LSC Project #: Estimating  
PAI Project #: L112-0001 - Task 1  
Matrix: Paint Chips/Coating  
Analysis: Total Lead - EPA SW- 846 method 7120  
Received: 1/16/97

Analyst: Dianne C. Hurt

**Lead (Pb) Sample Results**

PAI Lab ID	Client ID	LoD in mg/kg	mg/kg or ppm	Result in %
9701133	L-1	DRAFT 85	2,600	0.2600
9701134	L-2	IAN 16 1997 88 PAI	8,400	0.8400

**QA/QC Results**

9701129 Matrix Spike 110 % Recovery  
Method Blank < 90 mg/kg

---

**Gail Gislason - Laboratory Director**

---

mg/kg - Milligrams per kilogram  
PPM - Part per million  
LoD - Limit of detection  
c - Below detection limit

---

830 6th Ave. N. Suite 200, Seattle, WA 98109  
Phone: (206) 281-8858 Fax: (206) 281-8922

Prints - Long Services 97-0186  
1/16/97 11:58 AM

Page 1

**FACSIMILE TRANSMISSION**

Date: 2-12-97	Time:	No.
---------------	-------	-----

To: Dick Dehnath
From: Vickie Reno
cc:
Subject:

Message: For your information and files.  
Please find attached letter from  
Atlantic

Norsk Pacific Steamship Company Limited  
101 Elliott Ave West, Suite 430  
Seattle, WA 98119  
(206) 283-5505 fax (206) 283-4723

Number of Pages to follow \_\_\_\_\_

If any problem receiving this message, please call (206) 283-5505

Thank You,

From: Barbara Rife To: NORSK-ATTN: VIKI

FENO

Date: 2/11/97 Time: 11:24:24

Page 2 of 4

February 11, 1997

NORSK PACIFIC STEAMSHIP CO.  
101 ELLIOT AVE. WEST SUITE 430  
SEATTLE WA 98119

ATTN: MS. VIKI RENO

RE CLAIM #40-854845

POLICY # 476303301

DATE OF LOSS 12/29/96-ROOF COLLAPSE-601 S. MYRTLE ST. SEATTLE WA.

DEAR VIKI:

THIS LETTER FOLLOWS OUR TELEPHONE DISCUSSIONS THROUGH FEBRUARY 6, 1997,  
AND WILL ACKNOWLEDGE RECEIPT OF DOCUMENTS EXCHANGED DURING THIS TIME  
FRAME.

I WILL PROVIDE A RECAP WITH RESPECTS TO THE STATUS OF THE CLAIM.

-1--I REQUESTED THAT YOU ADVISE ME WHICH PERSON(S) WOULD BE REPRESENTING  
THE BUILDING IN CONJUNCTION TO NORSK PACIFIC, WITH RESPECTS TO THE LOSS AND  
ADJUSTMENT OF THE BUILDING CLAIM.

THERE ARE SEVERAL ENTITIES INVOLVED IN THE BUILDING, AND OBTAINING  
CLARIFICATION AS TO WHICH PARTY WILL ACT IN THE CLAIM PROCESS HAS BEEN  
DIFFICULT.

----OTHELLO ST WAREHOUSE OWNS THE BUILDING, WHICH IS MANAGED BY THE  
MAPLE LEAF PROPERTY MANAGEMENT COMPANY, WHO IN TURN LEASES THE  
PROPERTY TO MANSON CONSTRUCTION, AND NORSK PACIFIC LEASES THE PROPERTY  
FROM MANSON CONSTRUCTION.

----I HAVE RECEIVED A DOCUMENT FROM MAPLE LEAF PROPERTY MANAGEMENT  
DATED 2/3/97 FROM MR. JOHATHAN LAZAR TO MANSON CONSTRUCTION &  
ENGINEERING (THE TENANT)  
BASED UPON THAT LETTER, THEY ARE REQUIRING DETAILED REPAIR DRAWINGS, AND A  
REPAIR AND RECONSTRUCTION ESTIMATE.

I LOOK FORWARD TO RECEIVING A DOCUMENT FROM MANSON CONSTRUCTION WITH  
RESPECTS TO THEIR INVOLVEMENT IN THE CLAIM PROCESS.

-2--AS NOTED IN MY JANUARY 24, 1997 LETTER, I HAVE ACKNOWLEDGED THAT YOU  
HAVE RECEIVED THE PACIFIC ENGINEERING INITIAL REPORT.  
THIS REPORT OUTLINES STORM RELATED DAMAGE, AS WELL AS PRE-STORM  
STRUCTURAL ISSUES RELATED TO THE CONDITION OF THE BUILDING.



--A COPY OF PACIFIC ENGINEERING CORRESPONDENCE DATED 1/21/97 IS ATTACHED FOR YOUR REFERENCE.

--3--FOLLOWING THE INITIAL INSPECTION OF JANUARY 10, 1997, A SECOND MEETING WAS SCHEDULED ON JANUARY 29, 1997.

DURING THAT MEETING, PACIFIC ENGINEERING REINSPECTED THE BUILDING AND HAS NOTED THAT A TRUSS NEAR THE COLLAPSE AREA IS SHOWING SIGNS OF STRESS.

---THE ENGINEER HAS RECOMMENDED THAT SHORING TO MAKE THE STRUCTURE SAFE AND STABLE IS NECESSARY.

---2/6/97 PACIFIC ENGINEERING LETTER AND SKETCHES FOR SHORING THE BUILDING ARE ATTACHED FOR YOUR REFERENCE.

--4--MCBRIDE CONSTRUCTION HAS BEEN WORKING WITH PACIFIC ENGINEERING IN COORDINATING THE SHORING EFFORTS.

--5--AS PREVIOUSLY NOTED, MCBRIDE CONSTRUCTION HAS ADVISED ME THAT THERE IS HAZARDOUS MATERIALS PRESENT IN THE BUILDING, SUCH AS ASBESTOS, PCBS, AND LEAD.

A ROUGH PROTECTION FOR HAZMAT REMOVAL HAS BEEN NOTED AS \$20,000. PLEASE BE ADVISED THAT THE INSURANCE POLICY PROVIDES POLLUTANT CLEANUP OF HAZARDOUS MATERIALS SUBJECT TO A LIMIT OF LIABILITY IN THE AMOUNT OF \$15,000.00 WITH A \$1,000.00 DEDUCTIBLE.

--6--I HAVE RECEIVED A LETTER FROM NORSK PACIFIC DATED 2/5/97, WITH AN ENCLOSURE, WHICH IS A COPY OF THE CLOSING AGREEMENT BETWEEN BUILDING OWNERS, OTHELLO ST. WAREHOUSE CORP, AND MANSON CONSTRUCTION, WITH PACIFIC TERMINAL.

THE DOCUMENT INDICATES THAT MANSON CONSTRUCTION WOULD ADDRESS CLEANUP AND REPAIR OF ASBESTOS & PCBS

IN AN EFFORT TO SECURE THE BUILDING, AND MOVE FORWARD WITH THE CLAIM PROCESS, WE HAVE ENCOUNTERED SOME CO-MINGLED PROBLEMS, WHICH INVOLVED THE FOLLOWING:

--A--HAZARDOUS MATERIAL REMOVAL

--B--REMOVAL OF PAPER STOCK FROM THE COLLAPSE AREA

--C--SHORING AND SECURING THE STRUCTURE.

--D--WORK AUTHORIZATION TO DO THE ABOVE TO PREVENT FURTHER DAMAGE.

FOLLOWING SEVERAL TELEPHONE CONVERSATIONS WITH THE MCBRIDE CONSTRUCTION, A WORK AUTHORIZATION WAS GIVEN MY NORSK TO BEGIN HAZMAT REMOVAL AS WELL AS STRUCTURAL SHORING, AND MOVING OF STOCK TO WORK AT THE SHORING OF THE BUILDING.

AT THIS WRITING, THE HAZMAT REMOVAL, DEBRIS REMOVAL AND SHORING WORK ARE IN PROCESS.

--7--PACIFIC ENGINEERING WILL CONTINUE TO MONITOR THE BUILDING, AS WELL AS  
WORK UP DRAWINGS FOR THE PROPER METHOD OF REPAIR.

--8--BASED UPON THOSE DRAWINGS, MCBRIDE CONSTRUCTION, WILL BE WORKING UP  
THEIR SCOPE AND ESTIMATE FOR REPAIR TO THE STRUCTURE.

SHOULD YOU HAVE ANY QUESTIONS, OR NEED TO DISCUSS YOUR CLAIM, PLEASE CALL  
ME AT YOUR CONVENIENCE, AT -312-634-2127.-OR 1-800-289-6548.

VERY TRULY YOURS

BARBARA BALIS  
GENERAL ADJUSTER

SENT VIA FAX 2/11/97-ORIGINAL VIA MAIL.  
CC:MCBRIDE CONST. VIA FAX.  
CC:J & H. SHERRY MEYERS

CARNEY  
BADLEY  
SMITH &  
SPELLMAN

MILTON C. SMITH

LAW OFFICES  
A PROFESSIONAL SERVICE CORPORATION

2200 COLUMBIA CENTER  
701 FIFTH AVENUE  
SEATTLE, WA 98104-7091  
FAX (206) 467-8215  
TEL (206) 622-8020

DIRECT DIAL  
(206) 689-4148

July 19, 1993

via Telecopier

Mr. Kenneth B. Kaplan  
LANE POWELL SPEARS LUBERSKY  
1420 Fifth Ave., Suite 4100  
Seattle, WA 98104

Re: Pacific Terminals/Manson

Dear Ken:

This letter will assure you that Manson will forebear on any legal action taken in connection with the rent dispute between Manson and Pacific Terminals and the guarantor, Norsk Pacific Steamship Company Ltd., until Wednesday morning, July 21. This will give you an opportunity to recompute the figures that you used in determining the present value numbers for a proposed settlement.

This letter is also intended to assure you that your subtenants may continue during the term of the subleases that you have with them, provided your subtenants remit all rent due you directly to Manson. This shall not in any way be construed as a substitution of your client's liability under the sublease with Manson for those of your subtenants, but is an accommodation by Manson so that your subtenants' operations will not be interrupted during the term of the subleases. My understanding is the reason for the immediate request is the need to unload a vessel of one of your subtenants.

Please find enclosed for your benefit a copy of a letter dated July 16, 1993 which Dan Dolmseth wrote to your clients regarding damage by your subtenants of the leased premises. As the letter indicates, Manson will look to you for repair of the damage to the premises. Please see that your tenant accomplishes the repairs promptly and reasonably.

I look forward to receipt of a revised counteroffer from your client, based upon a recognition of the cost of living




Mr. Kenneth B. Kaplan  
July 19, 1993  
Page 2

adjustments contained in the lease. I will immediately send that to Manson for their review and response.

Very truly yours,

CARNEY BADLEY SMITH & SPELLMAN, P.S.

A handwritten signature in cursive script, appearing to read "Milton C. Smith".

Milton C. Smith

Enclosure

cc: Dan Dolmseth (Fax) /

g:\group\secr\cae\mcs\kaplan.Lt@



# CONSTRUCTION & ENGINEERING COMPANY

5209 EAST MARGINAL WAY S. • SEATTLE, WA 98134 • (206) 762-0850  
MAILING ADDRESS: P.O. BOX 24067 • SEATTLE, WASHINGTON 98124-0067  
CON. REG. NO. 223-01 MA-NS-OC-E373NO • FAX 206-763-1232

July 16, 1993

Pacific Terminals Limited  
Attn: Charles S. Farrar  
660 S. Othello Street  
Seattle, Washington 98108

Norsk Pacific Steamship Company Ltd.  
Attn: John Stenstrom  
Two Walnut Creek Center  
200 Pringle Ave., Suite 355  
Walnut Creek, California 94596

Subject: Damage to property subject to Sublease Agreement dated July 1, 1991  
between Manson and Pacific Terminals Limited

Gentlemen:

It has come to our attention that recent damage has occurred to the transformer/power lines which service the northern-most crane located on the above referenced property. Initial estimates to repair this damage appears to be in excess of \$20,000.

Also, from the time of lease inception considerable damage has occurred to the fender piles, etc. on the southern-most dock on the property.

This letter is a reminder of your maintenance obligations under the terms of our sublease agreement—this and any other damage on the property during your tenancy is your responsibility to repair. As all of us are aware, Norsk is the guarantor of the Pacific Terminals Limited sublease obligations.

If you have any questions regarding this matter, please don't hesitate to call.

Yours very truly,

MANSON CONSTRUCTION & ENGINEERING CO.

Dan Dolmseth  
CFO/Treasurer

DJD/wag

Certified

cc: Milt Smith

LONG BEACH OFFICE  
1605 Water Street  
Long Beach, California 90802  
Phone (310) 432-6918  
Fax (310) 437-7032  
California License # A-220319

SAN FRANCISCO OFFICE  
1312 Canal Boulevard  
Richmond, California 94804  
Phone (510) 232-6319  
Fax (510) 232-4528  
California License # A-220319



CARNEY  
BADLEY  
SMITH &  
SPELLMAN

MILTON C. SMITH

RECEIVED  
JUL 19 1993

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SEATTLE, WA 98104-7091  
FAX (206) 467-8215  
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DIRECT DIAL  
(206) 689-4148

July 16, 1993

Mr. Kenneth B. Kaplan  
LANE POWELL SPEARS LUBERSKY  
1420 Fifth Ave., Suite 4100  
Seattle, WA 98104

Re: Pacific Terminals/Manson

Dear Ken:

This letter is a follow-up to my letter of July 12, in which Manson responded that it was unwilling to consider your client's counteroffer conveyed on June 22 regarding the default and future lease payments under the lease between Manson and Pacific Terminals and the guaranty provided by Norsk Pacific Steamship Co.

I indicated to you that I would provide you with the rationale for why Manson could not accept the present value numbers that your client had developed and that were contained in your letter of June 22. The major omission in those calculations is the failure to include the consumer price index changes contained in paragraph 3.2 of the lease and the taxes and insurance that are due under paragraph 6.2 as additional lease payments. These references are to the underlying the lease between Manson and Othello Street Warehouse Corporation (Larco), all of which are incorporated by reference in the Sublease between Manson and Pacific Terminals dated July 1, 1991. I attach copies of the paragraphs that I have referenced in the underlying lease between Manson and Othello Street Warehouse, so that whoever did the calculations can have the benefit of those provisions, if for some reason they do not have them.

Mr. Kenneth B. Kaplan  
July 16, 1993  
Page 2

Manson intends to proceed with its rights if your client is unwilling to accept any of its three (3) options to resolve this dispute.

Very truly yours,

CARNEY BADLEY SMITH & SPELLMAN, P.S.



Milton C. Smith

Enclosure

cc: Dan Dolmseth

g:\group\secre\ae\mcs\kaplan.Lt!

to extend shall automatically terminate if Tenant fails to exercise its first option to extend.

2.4 "Lease Term" shall mean the Initial Lease Term as the same may be extended by Tenant pursuant to Paragraph 2.3.

3. Monthly Rent, Late Charges and Interest.

3.1 From the commencement date of this Lease ("Commencement Date") until the end of the second Lease Year, Tenant shall pay Landlord a fixed monthly rent of Forty-One Thousand Six Hundred Sixty-Seven Dollars (\$41,667).

3.2 The fixed monthly rent payable during the previous two calendar years shall be increased on the first day of the third Lease Year, the fifth Lease Year, the seventh Lease Year and the ninth Lease Year, (and if Tenant further extends the Initial Lease Term every two Lease Years thereafter), by the percentage increase in the Consumer Price Index during the previous two (2) calendar years. Irrespective of the actual change in the Consumer Price Index, each increase in the monthly rent shall be no less than four percent (4%) for any calendar year and no more than eight percent (8%) for any calendar year, compounded annually. "Consumer Price Index" shall mean the Consumer Price Index published by the United States Department of Labor, Bureau of Labor Statistics, All Items for All Urban Consumers, 1967 = 100, for the Seattle-Tacoma Metropolitan Area. If publication of the Consumer Price Index is discontinued or the Consumer Price Index is no longer published at the end of each calendar year, the parties shall make such adjustments as may be reasonably required to effectuate the intention of the parties or accept comparable statistics on the cost of living as computed and published by an agency of the United States or by a responsible financial periodical of recognized authority mutually agreed to by the parties. If the parties do not agree upon such adjustments or the selection of a substitute index on or before the tenth (10th) business day after demand by either party, the adjustment or substitute index shall, on application of either party, be made by the chief officer of the Seattle office of the Bureau of Labor Statistics or its successor. If the chief officer fails to make the adjustment or selection within thirty (30) days of the application of either party, the adjustment or selection shall be made in arbitration in accordance with the then prevailing rules of the American Arbitration Association.

5.2 Tenant shall keep the Premises free and clear of any liens and encumbrances arising out of Tenant's use or occupancy of the Premises.

5.3 Tenant shall keep the Premises clean and in a sanitary condition to the satisfaction of the Health and Fire Departments of the City of Seattle and shall comply with any applicable local, city, county, state or federal statute, ordinance, rule or regulation.

5.4 Tenant shall use the Premises in such a manner as not to adversely affect the roof of the Premises or the structural integrity of the building in which the Premises are located.

5.5 Tenant shall not cause, suffer or permit the discharge or emission of any offensive or hazardous substances, sounds or odors from the Premises.

5.6 Tenant shall not cause, suffer or permit any activity at the Premises which results in a nuisance.

5.7 Tenant shall not cause, suffer or permit the presence or storage at the Premises of any hazardous substance, flammable materials, explosive materials or anything else which creates a health or safety hazard.

6. Taxes and Utilities.

6.1 Prior to delinquency, Tenant shall pay all service charges for light, heat, water, sewage and garbage, and all other similar utility or other service charges which shall be charged against the Premises during the Lease Term.

6.2 Prior to delinquency, Tenant shall pay all real property taxes and public assessments now or subsequently levied against the Premises during the Lease Term. Tenant shall pay such amounts directly to the the taxing authority and shall provide to Landlord prior to the delinquency of any such amount a copy of the billings and Tenant's check for payment.

6.3 Tenant shall not permit the Premises to be encumbered with any tax or assessment resulting from activities or improvements of Tenant without the prior consent of Landlord. Tenant shall have the right to contest the amount and validity of any tax or assessment with respect to the Premises. Prompt written notice of any protest action by Tenant shall be given to Landlord by Tenant. Further, Tenant shall keep Landlord fully advised of the progress of any such protest action. Tenant shall indemnify, defend and hold Landlord harmless from and against any cost or expense attributable to any such protest action,

CARNEY  
BADLEY  
SMITH &  
SPELLMAN

LAW OFFICES  
A PROFESSIONAL SERVICE CORPORATION

2200 COLUMBIA CENTER  
701 FIFTH AVENUE  
SEATTLE, WA 98104-7091  
FAX (206) 467-8215  
TEL (206) 622-6020

**FACSIMILE COVER PAGE**

TO: Dan Dolmseth  
Manson Construction

FACSIMILE NO.: 763-1232

FROM: William M. Wood, Esq.

DATE: 7/6/93

NO. OF PAGES: 3 (including this cover page)

MESSAGE: Re: Manson Construction/Pacific Terminals Ltd.

Notice to Pay Rent and Real Property Taxes or Vacate  
Premises. Exhibits not attached.

ORIGINAL DOCUMENT TO BE MAILED: ☒ YES ☐ NO

**ATTENTION**

These documents are privileged and confidential communications protected by attorney-client/work product restrictions, transmitted for the exclusive use of the addressee, and may not be copied or disseminated except by sender or addressee. If received by you in error contact sender immediately.

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JUL 88 10 30 DEPT. OF JUSTICE, SEATTLE, WA 98101 P.2/3

**NOTICE TO PAY RENT  
AND REAL PROPERTY TAXES  
OR  
VACATE PREMISES**

TO: Pacific Terminals Limited  
Attn: Charles S. Farrar  
660 S. Othello Street  
Seattle, WA 98108

TO: Norsk Pacific Steamship  
Company Ltd.  
Attn: John Stenstrom  
Two Walnut Creek Center  
200 Pringle Ave., Suite 355  
Walnut Creek, CA 94596

TO: All Alaskan Seafoods, Inc.  
Suite 307  
130 Nickerson St.  
Seattle, WA 98109

TO: Northwest Containers  
Services, Inc.  
11920 N. Burgard Road  
Portland, OR 97203

Manson Construction & Engineering Company ("Landlord") hereby notifies Pacific Terminals Limited ("Tenant") that the sum of \$237,134.02 is past due and owing for unpaid rent, and the sum of \$27,783.54 is past due and owing on account of unpaid real property taxes, pursuant to the terms of that certain Sublease ("Sublease") dated July 1, 1991, for certain property ("Premises") located between the Duwamish Waterway and 8th Avenue South, and between So. Myrtle Street and So. Othello Street and known as 660 S. Othello Street in Seattle, Washington. The Sublease is attached hereto as Exhibit A, a prior sublease which it replaced is attached hereto as Exhibit B, and the underlying lease in which the Landlord is the lessee is attached hereto as Exhibit C. An itemization of the sums due is attached hereto as Exhibit D. Norsk Pacific Steamship Company Ltd. is the guarantor of Tenant's obligations under the Sublease. Northwest Containers Services, Inc. and All Alaskan Seafoods, Inc. may be in possession of all or part of the Premises and if so are holding the same unlawfully and without justification or authority. Exhibits A, B, C and D are incorporated herein by this reference. Exhibit C contains a legal description of the Premises.

The Tenant must either pay the aforementioned sums, or vacate and surrender the Premises, within ten (10) days after service upon Tenant of this Notice. If the Tenant fails to comply with this Notice, Landlord may commence unlawful detainer proceedings against the Tenant to terminate its rights under the Sublease, and the rights of all those claiming by, through or under the Tenant, obtain possession of the Premises, recover all unpaid rent (doubled in accordance with RCW ch. 59.12), recover unpaid real property taxes, recover damages for



JUL 83 10 00 AM 1993 CARNEY BADLEY SMITH & SPELLMAN P.S. 3/3  
unlawful detainer (doubled in accordance with RCW ch. 59.12),  
and recover attorney fees and costs.

Landlord does not waive or relinquish any of its rights or remedies, whether or not they are mentioned in this Notice. Landlord also does not waive or relinquish any of the duties or defaults, of the above-named parties or others, whether or not they are mentioned in this Notice. Landlord hereby reserves all of its rights and remedies, including but not limited to the right to commence additional proceedings and/or seek additional remedies in connection with any duties or defaults (whether or not they are mentioned in this Notice).

DATED this 6 day of July, 1993.

CARNEY BADLEY SMITH & SPELLMAN, P.S.

By Milton C. Smith  
Milton C. Smith  
Of Attorneys for Landlord

Carney Badley Smith & Spellman  
2200 Columbia Center  
701 Fifth Ave.  
Seattle, Washington 98104  
(206) 622-8020

CARNEY  
BADLEY  
SMITH &  
SPELLMAN

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TEL (206) 622-8020

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**FACSIMILE COVER PAGE**

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**TO:** Dan Dolmseth  
MANSON CONSTRUCTION & ENGINEERING CO.

**FACSIMILE NO.:** 763-1232

**FROM:** Milton C. Smith/Elaine Edgell

**DATE:** June 23, 1993

**NO. OF PAGES:** 4 (including this cover page)

**MESSAGE:**

Letter dated June 22, 1993 from Kenneth Kaplan regarding Pacific Terminals, for your review. Milt may be in the office this afternoon, if you need to talk with him.

**ORIGINAL DOCUMENT TO BE MAILED:**    ☐ YES    ☒ NO

**ATTENTION**

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LANE  
POWELL  
SPEARS  
LUBERSKY

RECEIVED  
DATE 6/23/93  
CARNEY BADLEY  
SMITH & SPELLMAN, P.S.

June 22, 1993

Kenneth B. Kaplan  
(206) 223-7000

Law Offices

1420 Fifth Ave.  
Suite 4100  
Seattle, WA  
98101-2338

(206) 223-7000

Telex: 32-6808  
Facsimile:  
(206) 223-7107

A Partnership  
Including  
Professional  
Corporations

Milton C Smith Esq  
Carney Badley Smith & Spellman  
701 5th Ave Ste 2200  
Seattle WA 98104

Re: Pacific Terminals/Manson

Dear Milt:

We have carefully reviewed your offer and have decided that we can increase what we believed was a very good offer. Our review includes taking into consideration the present value of a payment now, \$20,000 a month until December 31, 1993, and some rent abatement which is highly likely in view of the problems we have encountered. Manson has to consider that it has some risk. It also has to realize that it can sublet the premises and recoup most of its losses after December 31, 1993.

We have prepared a present value analysis with a rent abatement of from \$10,000 a month to \$25,000 a month. The yard and building in its present condition is worth at most 1/2 of the rent and taxes. The analysis shows a range from \$596,875 to negative \$98,937 at the internal rate of return for Fletcher Challenge over the last few years. Even if we use a present value rate of 6.2% which is the lowest acceptable rate in today's economic conditions, we found a value from \$710,597 to negative \$155,748. See attached. In light of these facts, Pacific Terminals will pay \$300,000 cash and abide by the other terms of the May 17, 1993, offer.

Your offers did not consider any rent abatement, nor did they consider the fact that the property has some rental value that are offsets. It also did not suggest any loss by LARCO. Surely it has similar risks to yours and should reduce your obligation to it accordingly. Please have Manson reconsider

Anchorage, AK  
Los Angeles, CA  
Mount Vernon, WA  
Olympia, WA  
Portland, OR  
Seattle, WA

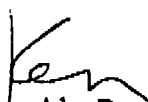
London, England  
Tokyo, Japan

Milton C Smith Esq  
June 22, 1993  
Page 2

its offer in light of these considerations. This letter is  
written for settlement purposes only.

Yours very truly,

LANE POWELL SPEARS LUBERSKY

  
Kenneth B. Kaplan

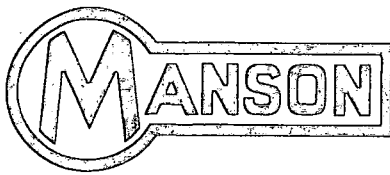
KBK/rlv  
cc: Tom Kearney  
Tom Kimball  
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# Pacific Terminals: Parcel B Manson Proposal

	Initial Cash Outflow	Year 1 5/83-5/84	Year 2 5/84-5/85	Year 3 5/85-5/86	Year 4 5/86-5/87	Year 5 5/87-5/88	(5 mos.) Year 6 5/88-11/88	Total Cash Cost	NPV at 6.2% (cash)	NPV at 10.0%	NPV at 15.0% (FCL based)
<u>Not cash cost w/o renegotiation:</u>											
Worst case cost of \$40k/mo.	213,000	480,000	480,000	480,000	480,000	480,000	200,000	2,813,000	2,363,387	2,145,472	1,908,500
Likely cost averaging \$20k/mo.	213,000	240,000	240,000	240,000	240,000	240,000	100,000	1,513,000	1,268,184	1,179,286	1,060,750
Likely cost assuming rent abatement of \$10k/mo.	173,000	120,000	120,000	120,000	120,000	120,000	50,000	823,000	710,597	658,118	596,975
Likely cost assuming rent abatement of \$15k/mo.	153,000	60,000	60,000	60,000	60,000	60,000	25,000	478,000	421,798	384,559	364,937
Likely cost assuming rent abatement of \$20k/mo.	133,000	0	0	0	0	0	0	133,000	133,000	133,000	133,000
Likely cost (income) assuming rent abatement of \$25k/mo.	113,000	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(25,000)	(212,000)	(155,786)	(126,559)	(98,937)
<u>Cost of Manson proposed options:</u>											
\$3MM; \$25K/mo. for A	300,000	180,000	180,000	180,000	180,000	180,000	75,000	1,275,000	1,108,395	1,024,677	935,812
\$1MM; \$12K/mo. for A	1,000,000	24,000	24,000	24,000	24,000	24,000	10,000	1,130,000	1,107,518	1,086,624	1,084,775
\$1.5MM	1,500,000	0	0	0	0	0	0	1,500,000	1,500,000	1,500,000	1,500,000

NOTE: The likely loss scenario of \$20,000 per month is the current situation with the Northland sublease at \$2,750/mo. and the yard tenant at \$21,000/mo.





## CONSTRUCTION & ENGINEERING COMPANY

5209 EAST MARGINAL WAY S. • SEATTLE, WA 98134 • (206) 762-0850  
MAILING ADDRESS: P.O. BOX 24067 • SEATTLE, WASHINGTON 98124-0067  
CON. REG. NO. 223-01 MA-NS-OC-E373NO • FAX 206-763-1232

May 24, 1993

Mr. Kenneth B. Kaplan  
LANE POWELL SPEARS LUBERSKY  
Suite 4100  
1420 Fifth Avenue  
Seattle, WA 98101-2338

RE: Pacific Terminals/Manson Construction & Engineering Co.

Dear Ken:

We have reviewed your settlement proposal addressed to Milton Smith of Carney Badley Smith and Spellman. The proposal is inadequate. We counter with the following three options:

### Option I

- Lump sum payment : \$1 million
- Parcel A lease from June 1, 1993 to October 31, 1998 (with a possibility of 2 five year extensions) at a monthly cost of \$12,000 subject to COLA escalation.

### Option II

- Lump sum payment: \$300,000
- Parcel A lease from June 1, 1993 to October 31, 1998 (with a possibility of 2 five year extensions) at a monthly cost of \$25,000 subject to COLA escalation.

### Option III

- Lump sum payment: \$1.5 million
- Termination of lease effective June 1, 1993.

We view this offer to be fair and reasonable given the issues as we have previously discussed.

We look forward to hearing from you as soon as possible.

Very truly yours,  
MANSON CONSTRUCTION & ENGINEERING CO.

Daniel J. Dolmseth  
CFO/Treasurer  
  
DJD/rjl

LONG BEACH OFFICE  
1605 Water Street  
Long Beach, California 90802  
Phone (310) 432-6918  
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1312 Canal Boulevard  
Richmond, California 94804  
Phone (510) 232-6319  
Fax (510) 232-4528  
California License # A-220319



CARNEY  
BADLEY  
SMITH &  
SPELLMAN

MILTON C. SMITH

MAY 1 1993

CONF

LAW OFFICES  
A PROFESSIONAL SERVICE CORPORATION

2200 COLUMBIA CENTER  
701 FIFTH AVENUE  
SEATTLE, WA 98104-7091  
FAX (206) 467-8215  
TEL (206) 622-8020

DIRECT DIAL  
(206) 689-4148

May 25, 1993

via Telecopier

Mr. Kenneth B. Kaplan  
LANE POWELL SPEARS LUBERSKY  
1420 Fifth Ave., Suite 4100  
Seattle, WA 98101-2338

Re: Pacific Terminals/Manson Construction &  
Engineering Company

Dear Ken:

This will acknowledge with thanks your letter of May 17, 1993 on the above subject. Manson carefully reviewed the offer. It cannot accept its terms. However, Manson has spent some time trying to structure a counterproposal with several other options that it believes will work for Manson and your client, which it asks your client to consider carefully.

Manson is prepared, as sublessor, to accept \$300,000 immediately in a lump sum payment and a revised lease of Parcel A from June 1, 1993 to October 31, 1998 (with the possibility of two 5-year extensions) at a monthly cost of \$25,000, subject to COLA escalation. With regard to this proposal, Manson would honor the subleases that you have in place during the terms of the sublease. Payment by the sublessees would be made directly to Manson. Bear in mind that there is presently a delinquency of \$162,000, and by June 1, that amount will be over \$213,000.

As an alternative to this proposal, Manson is prepared to accept two other options:

Option I

- Lump sum payment: \$1 million
- Parcel A lease from June 1, 1993 to October 31, 1998 (with a possibility of two 5-year extensions) at a monthly cost of \$12,000 subject to COLA escalation;

Mr. Kenneth B. Kaplan  
May 25, 1993  
Page 2

Option II

- Lump sum payment: \$1.5 million
- Termination of lease effective June 1, 1993.

I recognize that we are viewing this dispute from different perspectives. From Manson's standpoint, any of the options it proposes are fair and reasonable, given the obligations of the sublease, its terms, and the guaranty your client has given.

We expect to hear from you before June 30. If we do not, Manson will seek full compliance with the terms of its existing sublease and guaranty with your clients.

Very truly yours,

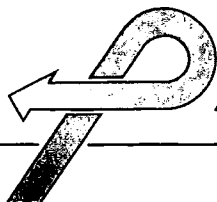


Milton C. Smith

cc: Dan Dolmseth ✓

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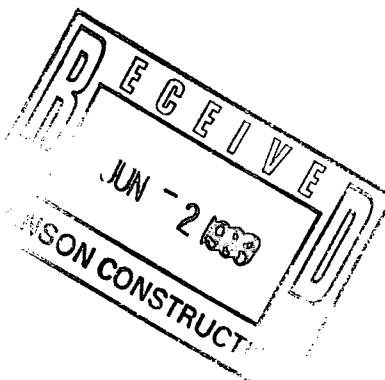




PACIFIC TERMINALS LIMITED

May 24, 1993

Mr. Dan Dolmseth  
Chief Financial Officer  
Manson Construction &  
Engineering Co., Inc.  
P.O. Box 24067  
Seattle, WA 98124



Subject: Colby Crane #131

Dear Mr. Dolmseth,

Please remove the above mentioned crane from the PTL dock as soon as possible. This crane is interfering with our barge unloading operation.

We appreciate your assistance in this matter.

Sincerely,

PACIFIC TERMINALS LIMITED

C.S. Farrar  
Terminal Manager

CSF/pab

cc: Rudy Neufeld - FCCL, Vancouver

LANE  
POWELL  
SPEARS  
LUBERSKY

May 17, 1993

Kenneth B. Kaplan  
(206) 223-7000

Law Offices

1420 Fifth Ave.  
Suite 4100  
Seattle, WA  
95101-2338

(206) 223-7000

Telex: 22-8808

Facsimile:

(206) 223-7107

A Partnership  
Including  
Professional  
Corporations

Milton C Smith Esq  
Carney Badley Smith & Spellman  
701 5th Ave Ste 2200  
Seattle WA 98104

Re: Pacific Terminals/Manson

Dear Milt:

This is our settlement proposal. Rather than waste time negotiating, we have decided to make an offer which should be acceptable immediately. Here are the terms:

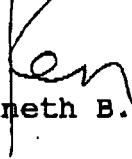
1. Pacific Terminals will pay Manson \$150,000 cash.
2. Manson will accept the \$150,000 as bringing all obligations of Pacific Terminals current.
3. The lease for the larger parcel of property shall terminate on December 31, 1993. Rent for that parcel shall be \$20,000 a month beginning June 1, 1993.
4. Rent on the smaller parcel shall be \$9,500 a month for the balance of the lease, with a possibility of two five year extensions.
5. Manson will approve any subtenants Pacific Terminals finds to sublet the premises during the remainder of any lease term.

This offer seems a reasonable compromise in light of the non-functionality of the facility/premises.

Let me hear from you as soon as possible.

Very truly yours,

LANE POWELL SPEARS LUBERSKY

  
Kenneth B. Kaplan

Anchorage, AK  
Los Angeles, CA  
Mount Vernon, WA  
Olympia, WA  
Portland, OR  
Seattle, WA

London, England  
Tokyo, Japan

KBK/yer  
cc: John Stenstrom  
Tom Kimball

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617  
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LANE  
POWELL  
SPEARS  
LUBERSKY

RECEIVED  
DATE 4/29/93  
CARNEY BADLEY  
SMITH & SPELLMAN, P.S.

April 28, 1993

Kenneth B. Kaplan  
(206) 223-7000

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Including  
Professional  
Corporations

Milton C Smith Esq  
Carney Badley Smith & Spellman  
701 5th Ave Ste 2200  
Seattle WA 98104

Re: Pacific Terminals

Dear Milt:


My title people are comparing the legal description to the map to make sure the July 1, 1991, sublease is for all of the property shown. It does appear that that is the case.

We have withheld the rent payment for April based upon Mr. Edwards' statement that he did not want a partial payment of the rent. We have also withheld the tax payments and any newly computed deficiency based upon our belief that those payments can be considered as an offset for amounts paid for the months we paid rent on non-usable space.

I suggest that Mr. Edwards reconsider his position so that at least the usable portion of the leased areas will be leased and some funds received. We will agree to pay for the small parcel and some reduced amount on the balance so long as we are able to sublet those areas. If Manson does not permit this, then it will not be mitigating any alleged losses as required by law. When the previously enumerated problems with the warehouse are repaired and the allowable draught is 15 feet at the dock, then the premises will be fit for the purposes for which they were leased.

Yours very truly,

LANE POWELL SPEARS LUBERSKY

  
Kenneth B. Kaplan

KBK/rlv

cc: Mr. John Stenstrom  
Tom Kimball, Esq.

LPSEAL K:\CL1\KBK\13057KBK.LTR

Anchorage, AK  
Los Angeles, CA  
Mount Vernon, WA  
Olympia, WA  
Portland, OR  
Seattle, WA

London, England  
Taipei, Taiwan  
Tokyo, Japan

Sten  
Reimer  
676-2800

CARNEY  
BADLEY  
SMITH &  
SPELLMAN

LAW OFFICES  
A PROFESSIONAL SERVICE CORPORATION  
2200 COLUMBIA CENTER  
701 FIFTH AVENUE  
SEATTLE, WA 98104-7001  
FAX (206) 467-8215  
TEL (206) 622-8020

**FACSIMILE COVER PAGE**

---

**TO:** Dan Dolmseth  
MANSON CONSTRUCTION & ENGINEERING CO.

**FACSIMILE NO.:** 763-1232

**FROM:** Milton C. Smith

**DATE:** April 12, 1993

**NO. OF PAGES:** 3 (including this cover page)

**MESSAGE:**

Please review Mr. Kaplan's letter and let's discuss this morning. Any word on Friday from Stenstrom?

**ORIGINAL DOCUMENT TO BE MAILED:** ☐ YES ☒ NO

**ATTENTION**

These documents are privileged and confidential communications protected by attorney-client/work product restrictions, transmitted for the exclusive use of the addressee, and may not be copied or disseminated except by sender or addressee. If received by you in error contact sender immediately.

LANE  
POWELL  
SPEARS  
LUBERSKY

Kenneth B. Kaplan  
(206) 223-7000

Law Offices

1420 Fifth Ave.  
Suite 4100  
Seattle, WA  
98101-2338

(206) 223-7000

Telex: 32-8808  
Facsimile:  
(206) 223-7107

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April 9, 1993

BY FACSIMILE TO 467-8215

Milton C Smith Esq  
Carney Badley Smith & Spellman  
701 5th Ave Ste 2200  
Seattle WA 98104

Re: Manson Construction & Engineering Company Sublease

Dear Milt:

Thank you for calling yesterday. This letter is to provide you with a list of problems that I know of with the property. After further discussion with Rudy Neufeld, there could be additional items added to this list. However, I believe that Manson knows of other problems as well.

I know that there is asbestos and PCB's on site which need to be removed. The electrical system is antiquated and does not function. A significant rewiring is required before the warehouse can be used. There is a silting problem in the waterway so that the draft is now too low to serve our purposes. Dredging is necessary. As you know that will require permits and be costly. Further, the flooring in the warehouse is in complete disrepair and must be replaced. You already know that the roof must be replaced and that the Union Pacific Railway's spur must be repaired.

We believe that some immediate action should be taken with signing potential subleasees to replace us at the premises.

Anchorage, AK  
Los Angeles, CA  
Mount Vernon, WA  
Olympia, WA  
Portland, OR  
Seattle, WA

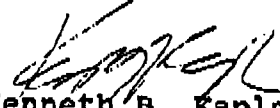
London, England  
Taipei, Taiwan  
Tokyo, Japan

Milton C Smith Esq  
April 9, 1993  
Page 2

I discussed two subleases with you. We have to know your position on subletting the areas we discussed.

Yours very truly,

LANE POWELL SPEARS LUBERSKY

  
Kenneth B. Kaplan

KBK/rlv  
cc: Mr. Rudy Neufeld  
Tom Kimball, Esq.  
LP0001 K:\CL\KIM\1993\KIM.LTR

## CLOSING AGREEMENT

This is an agreement made on October 24, 1988, between Othello Street Warehouse Corporation, a Washington corporation ("Othello") and Manson Construction & Engineering Co., a Washington corporation ("Manson") and Mega Terminals, Inc., a Washington corporation ("Mega"). Othello agrees with Manson and Mega as follows.

### 1. Recitals.

1.1. Manson, Mega and their affiliate are selling the real property described in Exhibit A ("Property") to Othello. In connection with the sale of the Property, Manson is leasing from Othello the Property described in Exhibit B ("Yard 2 Property") pursuant to the Lease Agreement of even date with this Agreement ("Manson Lease"). In addition, Mega is leasing from Othello the Property described in Exhibit C ("Mega Property") pursuant to the Lease Agreement of even date with this Agreement ("Mega Lease"). The Manson Lease and Mega Lease are incorporated herein by this reference.

1.2. Certain issues will be unresolved at the closing of the purchase, sale and lease of the Property. This Agreement addresses those unresolved issues.

### 2. Lease Bond.

In connection with the Mega Lease, Safeco Insurance Company ("Safeco") is issuing a Lease Bond to Othello of even date with this Agreement ("Lease Bond"). The Lease Bond is incorporated herein by this reference. The Lease Bond may be cancelled by Safeco by written notice to Othello one year prior to the cancellation date of the Lease Bond. Manson hereby absolutely and unconditionally guarantees to Othello that if the Lease Bond is cancelled by Safeco, Manson shall cause substitute security, acceptable to Othello, to be provided to Othello prior to the cancellation date of the Lease Bond. Such substitute security shall be a substitute lease bond acceptable to Othello or, failing such a substitute lease bond, a cash security deposit in the amount of the liability of Safeco under the Lease Bond at the effective date of the cancellation of the Lease Bond.

### 3. Norsk Pacific.

Mega is negotiating with Norsk Pacific Steamship Company Limited ("Norsk") to joint venture certain business activities with Mega. If the joint venture with Norsk is

entered and Norsk agrees to unconditionally and absolutely guarantee fifty percent (50%) of Mega's obligations under the Mega Lease (as amended), Othello, Mega and Norsk shall amend the Mega Lease to add Parcel B to the Mega Lease, and to increase the rent payable under the Mega Lease and Othello and Manson shall amend the Manson Lease to delete Parcel B of the Property from the Manson Lease and to reduce the rent payable under the Manson Lease by the amount that the rent is increased under the Mega Lease, and the Lease shall be amended in accordance with the terms of this Agreement.

4. Asbestos.

4.1. An inspection has been performed Earth Consultants dated October 4, 1988 ("Earth Consultants Report") with respect to the property leased under the Manson Lease ("Manson Property"). The Earth Consultants Report is incorporated herein by this reference. Othello and Manson agree that Manson shall immediately clean up and repair all asbestos and PCBs on the Manson Property which constitute a health or safety hazard. Such cleanup and removal shall be done at the sole expense of Manson.

4.2. Page 8 of the Earth Consultants Report identifies asbestos insulated pipes on the Manson Property. Prior to the termination of the Manson Lease, Manson shall cause all such asbestos to be removed from the Manson Property and disposed of in accordance with applicable law. The cost of such removal and disposal shall be paid for by Manson, but shall be a reimbursable expense by Othello pursuant to Paragraph 8.2 of the Manson Lease.

4.3. Prior to the termination of the Manson Lease, Manson shall remove, dispose of and replace with units of similar quality (but containing no PCBs) all light units on the Manson Property which contain PCBs. The cost of such removal, disposal and replacement shall be paid for by Manson, but shall be a reimbursable expense by Othello pursuant to Paragraph 8.2 of the Manson Lease.

4.4. During the term of the Lease, Manson shall establish such routine inspection and safety procedures as may be required or recommended by governmental agencies with respect to PCBs and asbestos on the Manson Property and shall indemnify, defend and hold Othello harmless from and against any and all claims, demands, liabilities, costs and expenses which may arise out of the existence of asbestos or PCBs on the Manson Property, including, but not limited to, any claims with respect to the health or safety of any person coming into contact with such asbestos or PCBs.



4.5. Petroleum.

The Earth Consultants Report indicates that certain petroleum/oil storage tanks were removed from the Manson Property. Manson shall use best efforts to locate for Earth Consultants the former location of such petroleum/oil storage tanks. Othello shall cause soils samples to be taken after the location is completed. If any petroleum/oil spillage is determined to exist, Manson shall cause spillage to be removed and disposed of at Manson's sole cost and expense.

5. Miscellaneous.

5.1. The provisions of this Agreement shall govern over any conflicting terms of the Manson Lease or the Mega Lease.

5.2. If any party to this Agreement defaults, the defaulting party shall pay all costs incurred by the non-defaulting party because of the default, including, but not limited to, legal fees incurred with or without litigation and on appeal.

(Othello)

Othello Street Warehouse Corporation

By Thaddas L. Alston  
Thaddas L. Alston, Authorized  
Signer

(Mega)

Mega Terminals, Inc.

By Irving M. Haug  
Irving M. Haug, President

(Manson)

Manson Construction & Engineering Co.

By Glenn A. Edwards  
Glenn A. Edwards, President

LANE  
POWELL  
SPEARS  
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APR - 7 1993

Kenneth B. Kaplan  
(206) 223-7000

April 6, 1993

Law Offices

1420 Fifth Ave.  
Suite 4100  
Seattle, WA  
98101-2338

(206) 223-7000

Telex: 32-8808

Facsimile:

(206) 223-7107

A Partnership  
Including  
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Corporations

Mr Daniel Dolmseth  
Manson Construction & Engineering  
5209 E Marginal Way S  
Seattle WA 98134

Re: Sublease Agreement/South Myrtle Street Warehouse

Dear Mr. Dolmseth:

This letter is to notify you that our clients will not pay any further rent or sums associated with the sublease of the South Myrtle street warehouse and related property; known as "Parcel B." We believe that Manson Construction & Engineering Company, through its inaction and refusal to make the facility habitable, has breached its warranties of habitability and of quiet enjoyment. Accordingly, our clients can no longer continue to operate from the facility.

We have engaged Coldwell Banker and its agent, Stan Snow to locate potential tenants for the premises. We have found subtenants who are prepared to sign leases for portions of the property. However, they must know in the next few days whether they can lease the property. If you wish, we can continue in some capacity as your agent to obtain subleases or you could retain Coldwell Banker and Mr. Snow directly to have leases executed.

We believe that you are legally obligated to find an appropriate tenant or tenants immediately if you do not intend to release us from the lease and its obligations today. Please let me know your position as soon as possible. Nothing herein affects the continuing validity of our sublease of the

Anchorage, AK  
Los Angeles, CA  
Mount Vernon, WA  
Olympia, WA  
Portland, OR  
Seattle, WA  
London, England  
Taipei, Taiwan  
Tokyo, Japan

Mr Daniel Dolmseth  
April 6, 1993  
Page 2

property known as "Parcel A."

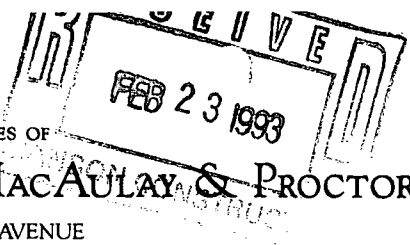
Yours very truly,

LANE POWELL SPEARS LIBERSKY

  
Kenneth B. Kaplan

KBK/rlv  
cc: Mr. John Stenstrom  
Mr. Rudy Neufeld  
Tom Kimball, Esq.

LPSEA1 K:\CL1\KBK\13039KBK.LTR



LAW OFFICES OF

**ALSTON, COURTNAGE, MACAULAY & PROCTOR**

1000 SECOND AVENUE

SUITE 3900

SEATTLE, WASHINGTON 98104-1045

TELEPHONE  
(206) 623-7600  
FACSIMILE  
(206) 623-1752

THADDAS L. ALSTON  
MICHAEL S. COURTNAGE  
ROBERT C. MACAULAY  
CONSTANCE L. PROCTOR  
ANDREW B. BASSETTI  
DENISE D. WIEST  
KINNE F. HAWES

February 19, 1993

1029/140

**BY FAX AND REGULAR MAIL**

Dan Dolmseth, Vice President  
Manson Construction & Engineering Co.  
5280 East Marginal Way South  
Seattle, WA 98134

**Larco Re: Manson**

Dear Dan:

This letter is to confirm our discussion yesterday regarding the following items:

1. The rental adjustment for November, 1992.
2. The roof repair described in letters from Norsk Pacific.
3. The asbestos and PCB removal issues described in letters from Norsk Pacific.

**Rental Adjustment**

According to the information provided to you, the rent should be adjusted for a 7.4% increase for 1991 and a 5.8% increase for 1992. These increases are based upon the Seattle-Tacoma Index, as specified in the lease, and result in a monthly rental increase from \$45,370.36 to \$51,553.98, as previously noted in correspondence from the landlord.

You indicated that you will have these figures checked on Monday and will make immediate payment if you agree with the figures. The adjustment is due from November 1, 1992.

If you disagree with these figures, please contact Bev Greene at (604) 925-2700. Otherwise, please make immediate payment.

**Roof Repair**

We understand that you acknowledge the obligation to repair the roof subject to the reimbursement obligations of the landlord specified in the lease. However, you question whether it is a good

Dan Dolmseth  
February 19, 1993  
Page 2

business decision to incur the roof repair costs while the property is vacant and the possibility exists that a new user may request that the building be modified or demolished.

The landlord reserves its right to require immediate repair of the roof. The landlord also does not favor modification or demolition of the existing structures, but will consider any proposal which you make on a case-by-case basis. Obviously, the landlord cannot approve any such course of action if your subtenant claims that such a course of action is a breach of the sublease.

The landlord also does not intend to become involved in any dispute between Manson and its subtenants. Therefore, the landlord requests that you immediately resolve the outstanding disputes with your subtenants, including any dispute regarding the repair of the roof.

**Asbestos and PCB Removal**

The landlord reserves its rights with respect to requiring removal of asbestos and PCBs.

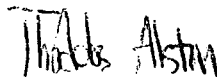
We understand, however, that you have delayed removal of asbestos and PCBs and that you and your subtenant are negotiating about this issue. Again, the landlord requests that you immediately resolve the outstanding disputes with your subtenant.

We look forward to early resolutions of these matters.

Kindest regards.

Very truly yours,

ALSTON COURTNAGE MacAULAY & PROCTOR



Thaddas L. Alston

cc: Beverly Greene

November 17, 1992

Mr. John Stenstrom ,  
Norsk Pacific Steamship Company Ltd.  
Two Walnut Creek Center, Suite 355  
200 Pringle Avenue  
Walnut Creek, California 94596

Subject: Sub Lease Agreement - Othello Street Warehouse  
Corporation and Manson Construction & Engineering Co.  
and Pacific Terminals Limited

Dear John:

I appreciate talking with you today regarding your letter to me dated October 29, 1992.

Per our discussion I will await further action until I hear from Tom Kimball upon his return from England. You mentioned a two week time extension regarding any necessary action addressed in your letter. I am sure Tom will call me in plenty of time to honor your time constraints.

I await Tom's phone call. If anything should arise in the meantime, please do not hesitate to give me a call.

Yours very truly,

MANSON CONSTRUCTION & ENGINEERING CO.

Dan Dolmseth  
Chief Financial Officer/Treasurer

DD:wag

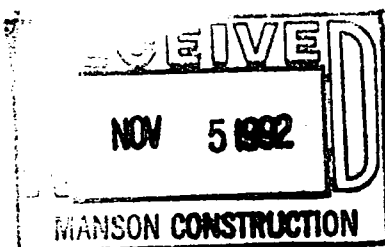
cc: gae



**NORSIK PACIFIC**  
**STEAMSHIP COMPANY LIMITED**

*Dedicated to Excellence Through Service*

October 29, 1992



**REGISTERED MAIL**

Manson Construction and Engineering  
5209 East Marginal Way South  
Seattle, Washington 98134  
USA

**Attention: Mr. Daniel Dolmsleth**

Dear Sirs:

**Re: Sub Lease Agreement - Othello Street Warehouse Corporation and  
Manson Construction and Engineering Co. and Pacific Terminals Limited**

In reviewing the marketability of this property located at 501-601 South Myrtle Street, some issues have arisen that we feel need immediate corrective actions.

In particular, we should like to put our landlord, Manson Construction and Engineering, on notice provide immediate response (ie: 30 days of this letter) on corrective steps to be taken on the following issues:

1. **Asbestos**  
Corrective action on clean up and/or removal per closing agreement dated October 24, 1988;
2. **PCBs**  
The removal of all lighting fixtures which constitute a health or safety hazard.
3. **Roof**  
The replacement of roofing membrane and support structure as needed.

Should follow-up action not occur within the mentioned 30 days, then our position is that Manson Construction and Engineering, as our landlord, are in default of your contractual obligation as contained in the closing agreement of October 24, 1988, and the sub-lease agreement of July 1, 1991.

.... /2

We would also be forced to pursue our legal remedies in the matter, which could include seeking the revocation of the following agreements:

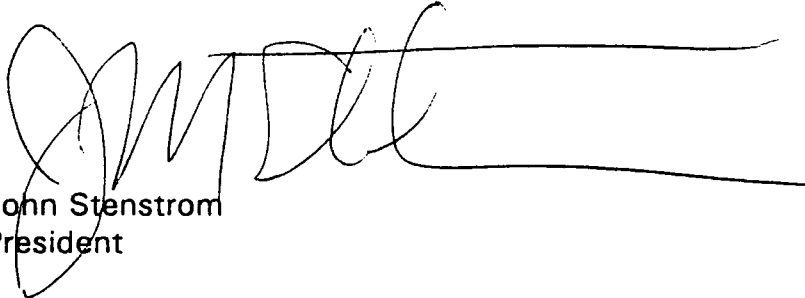
1. Sub lease between Manson Construction and Engineering Company and Pacific Terminals Limited dated July 1, 1991.
2. Guaranty agreement between Manson Construction and Engineering and Pacific Terminals Limited (Norsk Pacific Steamship Company Limited) dated July 17, 1991.
3. Lease agreement between Othello Street Warehouse Corporation and Mega Terminals, Inc. dated October 24, 1988.

We would appreciate your immediate response to the points raised in this letter.

Please contact the undersigned on any questions that may exist.

Yours truly,

**NORSK PACIFIC STEAMSHIP COMPANY LIMITED**



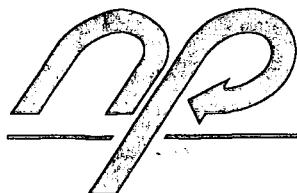
John Stenstrom  
President

/sas

cc: Maple Leaf Property Management, Inc.  
Third Floor - Capilano 100  
100 Park Royal  
West Vancouver, B.C. V7T 1A2  
Attention: Norman Laube

Tom Kimball

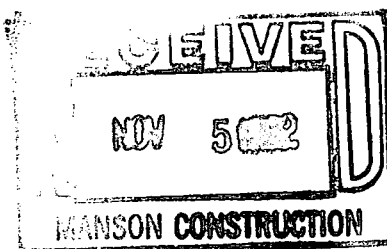




**NORS. PACIFIC**  
**STEAMSHIP COMPANY LIMITED**

*Dedicated to Excellence Through Service*

October 29, 1992



**REGISTERED MAIL**

Manson Construction and Engineering  
5209 East Marginal Way South  
Seattle, Washington 98134  
USA

**Attention: Mr. Daniel Dolmsleth**

Dear Sirs:

**Re: Sub Lease Agreement - Othello Street Warehouse Corporation and  
Manson Construction and Engineering Co. and Pacific Terminals Limited**

In reviewing the marketability of this property located at 501-601 South Myrtle Street, some issues have arisen that we feel need immediate corrective actions.

In particular, we should like to put our landlord, Manson Construction and Engineering, on notice provide immediate response (ie: 30 days of this letter) on corrective steps to be taken on the following issues:

1. **Asbestos**  
Corrective action on clean up and/or removal per closing agreement dated October 24, 1988;
2. **PCBs**  
The removal of all lighting fixtures which constitute a health or safety hazard.
3. **Roof**  
The replacement of roofing membrane and support structure as needed.

Should follow-up action not occur within the mentioned 30 days, then our position is that Manson Construction and Engineering, as our landlord, are in default of your contractual obligation as contained in the closing agreement of October 24, 1988, and the sub-lease agreement of July 1, 1991.

.... /2

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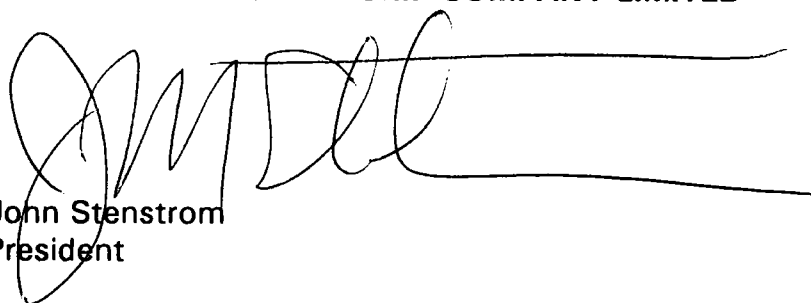
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We would appreciate your immediate response to the points raised in this letter.

Please contact the undersigned on any questions that may exist.

Yours truly,

**NORSK PACIFIC STEAMSHIP COMPANY LIMITED**



John Stenstrom  
President

/sas

cc: Maple Leaf Property Management, Inc.  
Third Floor - Capilano 100  
100 Park Royal  
West Vancouver, B.C. V7T 1A2  
Attention: Norman Laube

Tom Kimball



**Date:** October 20, 1992  
**To:** Rudy Neufeld, Distribution  
**From:** Richard Newman  
**Subject:** Pacific Terminals, Seattle - Roof Inspection  
ES File 753

This is a summary of my field notes made on May 1, 1992 during my inspection of the roof of the "Parcel-B" building at Pacific Terminals, Seattle.

1. Numerous patches were evident over the existing tar and gravel membrane. Some of these patches were quite large and were improperly applied. Some patches were lifting because the gravel had not been removed and the substrate prepared before applying the new patch.
2. The old membrane was "breaking up" in several areas as a result of prolonged U.V. exposure and temperature cycling. This would be consistent with an old roof that has essentially outlived its design life.
3. The high roof area appears to have been re-roofed with a single ply membrane plus gravel over the original tar and gravel roof. Again, debonding in some areas is evident. There are some soft bubbles in the membrane that indicates moisture is present under the membrane, and these bubbles increase in size on warm sunny days as the water vapour expands. The weakness caused by these bubbles usually leads to local failure of the membrane.
4. The roof on the East side is on a lower level and although one bay has been extensively patched, the membrane deterioration is not as advanced as the higher section. There is moss growth on this roof which indicates that the roof attracts a fair degree of shade, therefore U.V. degradation from exposure to sunlight is less.
5. The roof on the West side is also at a lower level and exhibits many patches and soft areas. The soft areas indicate that the membrane is leaking and moisture is present.

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FLETCHER CHALLENGE CANADA LIMITED

OCT 22 1992

DISTRIBUTION

6. Since the roof has been repaired many times and some areas have a replacement membrane installed over the original membrane, I would have to consider a structural review of the roof supports. Together with the moisture that is trapped under the membrane, there is significantly more Dead Load on the structure than was originally designed.
7. The roof membrane is long past its useful life and I consider further repairs would not be money well spent. A twenty year lifespan for a tar and gravel roof membrane is considered "normal" in the trade. Any membrane exceeding 20 years is on "borrowed time". With the bituminous materials that are available in today's market, I consider that we will be optimistic to expect a full 20 years out of a new tar and gravel roof. This is because the basic materials are of a lower quality than were available 20 - 30 years ago, hence the trend away from these particular membranes.

I hope the above notes assist you.

A handwritten signature in black ink, appearing to read 'Richard Newman', with a stylized, cursive script.

Richard Newman, P.Eng.



**NORSK PACIFIC  
STEAMSHIP COMPANY LIMITED**

*Dedicated to Excellence Through Service*

May 12, 1992

Manson Construction & Engineering  
P.O. Box 24067  
Seattle, WA  
98126-0067

Attention: Mr. Daniel Dolmsleth

Dear Sir:

Re: The Roof on Warehouse at South Myrtle Street

The present roof on this warehouse facility has extensive water leaks and we are presently contemplating a temporary fix. When the repairs have been carried out we will present you with the invoice for payment per the terms of our lease agreement - Item 8.3.

Due in part to the condition of the roof, we engaged our in-house Engineering Dept. to review the roof and their candid opinion was that both the roofing membrane and in some parts the support structure were beyond repair.

The above condition precludes both the effective use or sublease of the facility and we therefore submit that corrective action is required.

Our legal advise supports the opinion that roof replacement is the responsibility of the landlord.

We await your comments on this subject at your earliest opportunity.

Yours truly,

Rudy Neufeld  
Manager, Facilities

RN:jv

# MEMO

FLETCHER CHALLENGE CANADA



Fletcher Challenge Canada Limited  
9th Floor - 700 West Georgia Street  
Vancouver, British Columbia  
Canada V7Y 1J7

**Date:** September 22, 1992

**To:** Rudy Neufeld, Distribution

**cc:** Richard Newman, Engineering Services

**From:** Dennis Compton, Engineering Services

**Subject:** Trip Report - September 18, 1992  
Electrical Inspection of Warehouse/Office Space Located  
at 601 South Myrtle Street in Seattle, WA

From visual inspection and limited testing of the electrical power supply and distribution system the following is an outline of my observations and findings:

## Incoming & Main Distribution System

The incoming power supply is 440V, 3 phase, 1200A, according to the nameplate on the panel. I tried to confirm the 1200A rating with Seattle City Power & Light but they were unable to provide the information. The incoming panel has 4x225A, 1x125A & 1x70A circuit breakers for power distribution. These circuits feed into various 440V, 3 Phase panels, and 120V/240V panels via step down transformers (see photos 1, 2, 3 & 4). 110kV/240V

It appears that in 1986 a new service was in the process of being installed when a "cease work" order was issued because of permitting problems and that the service was never completed (see photo 5).

## Upstairs Offices (Northlands)

The Northlands offices are supplied by 2x175A, 120/240V, 1 phase feeders. The office electrical system was either replaced or extensively upgraded and is completely functional (see photo 6).

## Northlands Workshops

The Northlands workshops are supplied by 3x100A, 440V, 3 phase circuit breakers. These feeders supply welders and various machines in the workshop (see photo 6).

### Offices Downstairs

Only the main hallway lighting appeared to be operational. Lighting fixtures and circuits should be thoroughly checked out and repaired before energising. Only a few receptacles were energised. There has over time been modifications to the office receptacles and these should also be checked and repaired before energising. Telephone wiring was left hanging in many areas.

### Warehouse

#### - Lighting

Only a limited amount of the lighting was operational. Many fixtures were damaged, some with the wiring disconnected and left hanging. Lighting was being supplied from the numerous panels located up and down the warehouse. Many of the conduits from these panels went up into ceiling area or under the floor and "vanished". Attempting to energise these circuits without completely checking each circuit would be unwise, and could result in fire and/or injury (see photo 4 & 7).

#### - Power

440V, 3 phase power panels and disconnect switches are also located around the warehouse which were used to supply the various machines that were part of the manufacturing facility. Most of these circuits are de-energised, however the wiring is still installed and in many cases just cut off. Again all these circuits need checking out before energising (see photos 3 & 4).

#### - Cranes

Power to the cranes has been turned off. The cranes are old and have not been operated for some time. Before they are operated I would recommended they be checked out for not only operational functionability but for structural and electrical integrity.


### Summary

The only system I would have confidence in is the one supplying Northlands. ✓

For the rest of the offices and the warehouse a complete and thorough check should be made on each and every circuit to ensure that it is safe and functional.

I would estimate that to do a complete evaluation (no repairs) of all circuits would take 2 men approximately 4 weeks. ↙

I trust this information is what you were looking for. If you have any questions or would like further information please call me.

  
Dennis Compton  
Project Engineer



September 29, 1992

Mr. Chuck Farrar or Don Romkes  
Pacific Terminals  
650 So. Othello  
Seattle, Wash.  
Phone 762-2933  
Fax 762-2427

9221 Roosevelt Way N.E.  
Seattle, WA 98115  
206-822-4441  
FAX: 822-4099

Re: Asbestos Abatement Services at: Pacific Terminals Warehouse

#### PROPOSAL AND CONTRACT

TLH Abatement, Inc. proposes to furnish all materials and perform all labor necessary to complete the following:

1. File Notification of Intent to Remove or Encapsulate Asbestos with Puget Sound Air Pollution Control Agency (PSAPCA) and also with Washington State Department of Labor and Industries (WSDLI).
2. Remove and properly dispose of asbestos containing insulation from areas and surfaces designated that are accessible without demolition or excavation: Over head piping in vacant warehouse. approx. 1400 lin.ft.

Seal all surfaces from which asbestos has been removed with an E.P.A. accepted penetrating asbestos encapsulant.

\$26,394.00  
PLUS APPLICABLE TAX

#### (OPTION)

Repair and encapsulate piping system with bridging encapsulant to bring insulation up to minimal friability standards.

\$9,686.00  
PLUS APPLICABLE TAX

3. Quality Assurance: Supervision of work and air monitoring service will be provided. Abatement design and a written completion report including air monitoring records, disposal certificate, PSAPCA notification and other relevant documents will be provided upon request.



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September 29, 1992

Proposal and Contract - Pacific Terminals Warehouse

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4. All work performed to comply with all existing Federal, State and Local regulations.

All of the above work to be completed in a substantial and workmanlike manner according to standard practices for the sum of

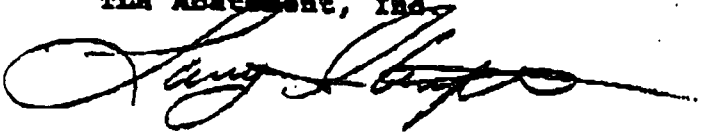
Payment to be made immediately upon receipt of invoice unless previous arrangements have been made as stated herein:

Any alteration or deviation from the above specifications involving extra cost of material or labor will only be executed upon written orders for same, and will become an extra charge over the sum mentioned in this contract. All agreements must be made in writing.

Proposal and Contract price effective for sixty (60) days.

If you find the above Proposal and Contract acceptable, please sign the enclosed copy and return to TLH Abatement, Inc.

Respectfully submitted,  
TLH Abatement, Inc.



Larry Stumpf  
Estimator  
pastern.doc/ls

**ACCEPTANCE**

You are hereby authorized to furnish all materials and labor required to complete the work mentioned in the above proposal, for which \_\_\_\_\_ agree to pay the amount mentioned in said proposal, and according to the terms thereof.

**ACCEPTED**

\_\_\_\_\_  
Date \_\_\_\_\_ 1992

# MEMO

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Dennis Compton  
Project Engineer



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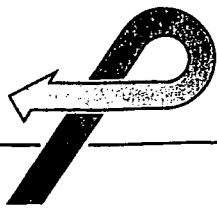
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We await your comments on this subject at your earliest opportunity.

Yours truly,

Rudy Neufeld  
Manager, Facilities

RN:jv



PACIFIC TERMINALS LIMITED

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June 28, 1991

Mr. Dan Dolmseth  
Manson Construction &  
Engineering Company  
5209 East NMarginal Way. south  
Seattle, WA 98134

Subject: Non-Recourse Installment Note - Dated October 28, 1988


Dear Dan:

Attached please find Pacific Terminals check in the amount of \$225,000. This represents the agreed amount necessary for final and full settlement of the balance due from Pacific Terminals to Manson Construction & Engineering Company on the installment note as of June 28, 1991.

It is agreed that Manson will be allowed unconditional use of the water slip (approximately 1/3 acre) directly to the north and including the dock leading to Glenn's boathouse. Also, Manson will be the general contractor on any and all leasehold improvements done on the Yard 2 property on the basis of cost plus 15%.

Please return to Pacific Terminals the original installment note. Please indicate on the note that it is cancelled and have it signed by an officer of Manson Construction & Engineering.

Sincerely yours,



Irving Haug

IH:pab  
Attachment